

Required fields are shown with yellow backgrounds and asterisks.

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| Page 1 of * 22 | SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4 | | File No.* SR - 2020 - * 037 | 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"/> |
| Pilot <input type="checkbox"/> | Extension of Time Period for Commission Action * <input type="checkbox"/> | Date Expires * <input type="text"/> | 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) | |
| Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 | | | Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 | | |
| Section 806(e)(1) * <input type="checkbox"/> | Section 806(e)(2) * <input type="checkbox"/> | | Section 3C(b)(2) * <input type="checkbox"/> | | |
| Exhibit 2 Sent As Paper Document <input type="checkbox"/> | Exhibit 3 Sent As Paper Document <input type="checkbox"/> | | | | |
| Description | | | | | |
| Provide a brief description of the action (limit 250 characters, required when Initial is checked *). | | | | | |
| <input type="text" value="The Exchange proposes to amend Rule 5.34(c)."/> | | | | | |
| Contact Information | | | | | |
| Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action. | | | | | |
| First Name * | <input type="text" value="Rebecca"/> | Last Name * | <input type="text" value="Tenuta"/> | | |
| Title * | <input type="text" value="Counsel"/> | | | | |
| E-mail * | <input type="text" value="rtenuta@cboe.com"/> | | | | |
| Telephone * | <input type="text" value="(312) 786-7068"/> | Fax | <input type="text"/> | | |
| Signature | | | | | |
| Pursuant to the requirements of the Securities Exchange Act of 1934, | | | | | |
| has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized. | | | | | |
| (Title *) | | | | | |
| Date | <input type="text" value="04/13/2020"/> | <input type="text" value="Vice President, Associate General Counsel"/> | | | |
| By | <input type="text" value="Laura G. Dickman"/> | <input type="text" value=""/> | | | |
| (Name *) | | | | | |
| 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. | | | | | |
| <input type="button" value="ldickman@cboe.com"/> | | | | | |

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

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

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

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

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

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Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

Item 1. Text of the Proposed Rule Change

(a) Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to remove its optional daily risk limits pursuant to Rule 5.34. 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 April 2, 2020.

(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**

The Exchange proposes to remove the optional daily risk limit settings for Users in Rule 5.34(c)(4).¹ The daily risk limits are voluntary functionality. Pursuant to current Rule 5.34(c)(4), if a User enables this functionality they may establish one or more of the following values for each of its ports, which the System aggregates (for simple and complex orders) across all of a User’s ports (i.e., applies on a firm basis): (i) cumulative notional booked bid value (“CBB”); (ii) cumulative notional booked offer value (“CBO”); (iii) cumulative notional executed bid value (“CEB”); and (iv) cumulative notional executed

¹ As a result of the proposed rule change, the Exchange also updates the subsequent paragraph numbering in current subparagraphs (c)(5) through (c)(11).

offer value (“CEO”). The User may then establish a limit order notional cutoff, a market order notional cutoff, or both, each of which it may establish on a net basis, gross basis, or both. If a User exceeds a cutoff value, the System cancels or rejects all incoming limit orders or market orders, respectively. If a User establishes a limit order notional cutoff but does not establish (or sets as zero) the market order notional cutoff, the System cancels or rejects all market orders. The System calculates a notional cutoff on a gross basis by summing CBB, CBO, CEB, and CEO. The System calculates a notional cutoff on a net basis by summing CEO and CBO, then subtracting the sum of CEB and CBB, and then taking the absolute value of the resulting amount. This functionality does not apply to bulk messages.

The Exchange proposes to remove the daily limit risk mechanism because use of this mechanism on Users’ ports is infrequent. Indeed, no Users currently have the daily risk limit enabled on a port connected to the Exchange. Because so few Users enable this functionality for their ports, the Exchange believes the current demand does not warrant the Exchange resources necessary for ongoing System support for the risk mechanism (e.g., the System must maintain and apply algorithms that track and calculate gross and net notional exposure). The Exchange again notes that the use of the daily risk limit is voluntary. The Exchange will continue to offer to Users a full suite of price protection mechanisms and risk controls which sufficiently mitigate risks associated with Users entering orders and quotes at unintended prices, and risks associated with orders and quotes trading at prices that are extreme and potentially erroneous, as a likely result of human or operational error. This includes other price protections and risk controls associated with notional value of a User’s orders and quotes. For example, Rule 5.34(c)(3) provides for a voluntary functionality in which the System cancels or rejects an incoming order or quote with a notional value that

exceeds the maximum notional value a User establishes for each of its ports, and Rule 5.34(c)(5)² provides for a voluntary functionality in which a User may establish risk limits within a class or across classes³ defined by certain parameters, of which the notional value of executions is an parameter option. Once a risk parameter is reached, no new trades are executed and any orders or quotes in route are System-rejected.

(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.⁴ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁵ 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)⁶ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

² The Exchange notes that as a result of the proposed removal of Rule 5.34(c)(4), current Rule 5.34(c)(5) will become new Rule 5.34(c)(4).

³ And for one Executing Firm ID (“EFID”) or a group of EFIDs.

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(5).

⁶ Id.

In particular, the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and national market system and benefit investors, because it will delete from the Rules a risk control that the Exchange will no longer offer, thereby promoting transparency in its Rules. The Exchange notes, too, that other options exchange do not offer daily risk limits, or other risk controls, associated with notional value of their users' order or quotes.⁷ The Exchange does not believe that the proposed rule change will affect the protection of investors or the public interest or the maintenance of a fair and orderly market because this risk control is so infrequently implemented, and currently, no User has this risk control established in any port connected to the Exchange. In addition to this, the Exchange notes that the use of this risk control is voluntary and the Exchange will continue to offer a full suite of price protection mechanisms and risk controls, including those associated with notional value of a Users' orders and quotes, which sufficiently mitigate risks associated with Users entering orders and quotes at unintended prices, and risks associated with orders and quotes trading at prices that are extreme and potentially erroneous, as a likely result of human or operational error. Also, the Exchange believes the low usage rate for the daily risk limits does not warrant the continued resources necessary for System support of such controls. As a result, the Exchange believes the proposed rule change will also remove impediments to and perfect the mechanism of a free and open market and national market

⁷ See NYSE CGW FIX Gateway Specification for NYSE American Options and NYSE Arca Options (last updated February 27, 2020) available at https://www.nyse.com/publicdocs/nyse/markets/nyse/FIX_Specification_and_API.pdf, which provides for various User-defined risk controls, like those of the Exchange, but does not offer parameter settings in connection with aggregate notional values. NYSE American Options and NYSE Arca Options also do not offer such settings in their rules.

system by allowing the Exchange to reallocate System capacity and resources to more frequently elected System functionality, including other price protection and risk control functionality.

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 proposed rule change is not competitive in nature, but rather is intended to remove a risk control that is rarely used on the Exchange. The Exchange does not believe that the proposed rule change would impose a burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because it will remove the option to use this risk control for all Users on the Exchange. In addition to this, and as stated above, the use of the daily risk limit is voluntary and the Exchange will continue to offer various other price protections and risk controls that sufficiently mitigate risks associated with market participants entering and/or trading orders and quotes at unintended or extreme prices. Further, the Exchange does not believe that the proposed rule change would impose a burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed rule change reflects the current risk control offerings on other options exchanges.⁸

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.

⁸ See supra note 7.

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 Act⁹ and Rule 19b-4(f)(6)¹⁰ 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 or the public interest, but rather is intended to benefit investors and the public interest by deleting a type of risk control that the Exchange intends cease offering, thereby promoting transparency in the Exchange Rules. The proposed rule change will not significantly affect the protection of investors because the use of this risk control is voluntary and so infrequently, if at all, implemented. The Exchange will continue to offer a full suite of various other price protection mechanisms and risk controls, include those

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6).

with parameters associated with the notional value of Users' orders and quotes. In addition to this, the proposed rule change will benefit investors by enabling System capacity and resources that are currently devoted to supporting seldom used daily risk limits available to focus on supporting other, more frequently elected price protection and risk control functionality or potentially new functionality.

Finally, the Exchange does not believe that the proposed rule change will impose any significant burden on competition because the proposed rule change to remove the daily risk limits functionality is not designed to address any competitive issues but rather to delete a type of risk control rarely used on the Exchange. The Exchange again notes that the use of this risk control is voluntary. The proposed rule change is consistent with the risk control settings currently offered on other options exchanges.¹¹

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 30-day operative delay period after which a proposed rule change under Rule 19b-4(f)(6) becomes effective. In order to reallocate resources that currently support a rarely elected

¹¹ See supra note 7.

type of risk control as soon as feasible, the Exchange intends to decommission the daily risk limits functionality on May 8, 2020. The Exchange believes this is ample time to give Users notice of its plan to decommission this type of risk control, thereby ensuring the protection of investors. The Exchange believes waiver of the operative delay will serve in the interests of investors and the public interest because, as stated, removing a seldom used type of risk control will allow the Exchange to realize System capacity and support for other, more frequently elected or potentially new functionality as soon as May 8, 2020. As noted above, no User currently enables this functionality, so elimination of this risk control will have no impact on Users. Also, as described above, the Exchange does not believe that the proposed rule change will impact the protection of investors because this order type is voluntary and so infrequently implemented, and the Exchange it will continue to offer other, sufficient price protection and risk control functionality. The Exchange again notes that the proposal is consistent with the risk control functionality offered by other options exchanges. For these reasons, the Exchange respectfully requests that the Commission waive the 30-day operative delay.

(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-2020-037]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Remove its Optional Daily Risk Limits Pursuant to Rule 5.34

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 Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ 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 remove its optional daily risk limits pursuant to Rule 5.34. The text of the proposed rule change is provided in Exhibit 5.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

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

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

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

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

1. Purpose

The Exchange proposes to remove the optional daily risk limit settings for Users in Rule 5.34(c)(4).⁵ The daily risk limits are voluntary functionality. Pursuant to current Rule 5.34(c)(4), if a User enables this functionality they may establish one or more of the following values for each of its ports, which the System aggregates (for simple and complex orders) across all of a User's ports (i.e., applies on a firm basis): (i) cumulative notional booked bid value ("CBB"); (ii) cumulative notional booked offer value ("CBO"); (iii) cumulative notional executed bid value ("CEB"); and (iv) cumulative notional executed offer value ("CEO"). The User may then establish a limit order notional cutoff, a market order notional cutoff, or both, each of which it may establish on a net basis, gross basis, or both. If a User exceeds a cutoff value, the System cancels or rejects all incoming limit orders

⁵ As a result of the proposed rule change, the Exchange also updates the subsequent paragraph numbering in current subparagraphs (c)(5) through (c)(11).

or market orders, respectively. If a User establishes a limit order notional cutoff but does not establish (or sets as zero) the market order notional cutoff, the System cancels or rejects all market orders. The System calculates a notional cutoff on a gross basis by summing CBB, CBO, CEB, and CEO. The System calculates a notional cutoff on a net basis by summing CEO and CBO, then subtracting the sum of CEB and CBB, and then taking the absolute value of the resulting amount. This functionality does not apply to bulk messages.

The Exchange proposes to remove the daily limit risk mechanism because use of this mechanism on Users' ports is infrequent. Indeed, no Users currently have the daily risk limit enabled on a port connected to the Exchange. Because so few Users enable this functionality for their ports, the Exchange believes the current demand does not warrant the Exchange resources necessary for ongoing System support for the risk mechanism (e.g., the System must maintain and apply algorithms that track and calculate gross and net notional exposure). The Exchange again notes that the use of the daily risk limit is voluntary. The Exchange will continue to offer to Users a full suite of price protection mechanisms and risk controls which sufficiently mitigate risks associated with Users entering orders and quotes at unintended prices, and risks associated with orders and quotes trading at prices that are extreme and potentially erroneous, as a likely result of human or operational error. This includes other price protections and risk controls associated with notional value of a User's orders and quotes. For example, Rule 5.34(c)(3) provides for a voluntary functionality in which the System cancels or rejects an incoming order or quote with a notional value that exceeds the maximum notional value a User establishes for each of its ports, and Rule 5.34(c)(5)⁶ provides for a voluntary

⁶ The Exchange notes that as a result of the proposed removal of Rule 5.34(c)(4),

functionality in which a User may establish risk limits within a class or across classes⁷ defined by certain parameters, of which the notional value of executions is an parameter option. Once a risk parameter is reached, no new trades are executed and any orders or quotes in route are System-rejected.

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.⁸ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁹ 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)¹⁰ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

current Rule 5.34(c)(5) will become new Rule 5.34(c)(4).

⁷ And for one Executing Firm ID (“EFID”) or a group of EFIDs.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ Id.

In particular, the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and national market system and benefit investors, because it will delete from the Rules a risk control that the Exchange will no longer offer, thereby promoting transparency in its Rules. The Exchange notes, too, that other options exchange do not offer daily risk limits, or other risk controls, associated with notional value of their users' order or quotes.¹¹ The Exchange does not believe that the proposed rule change will affect the protection of investors or the public interest or the maintenance of a fair and orderly market because this risk control is so infrequently implemented, and currently, no User has this risk control established in any port connected to the Exchange. In addition to this, the Exchange notes that the use of this risk control is voluntary and the Exchange will continue to offer a full suite of price protection mechanisms and risk controls, including those associated with notional value of a Users' orders and quotes, which sufficiently mitigate risks associated with Users entering orders and quotes at unintended prices, and risks associated with orders and quotes trading at prices that are extreme and potentially erroneous, as a likely result of human or operational error. Also, the Exchange believes the low usage rate for the daily risk limits does not warrant the continued resources necessary for System support of such controls. As a result, the Exchange believes the proposed rule change will also remove impediments to and perfect the mechanism of a free and open market and national market

¹¹ See NYSE CGW FIX Gateway Specification for NYSE American Options and NYSE Arca Options (last updated February 27, 2020) available at https://www.nyse.com/publicdocs/nyse/markets/nyse/FIX_Specification_and_API.pdf, which provides for various User-defined risk controls, like those of the Exchange, but does not offer parameter settings in connection with aggregate notional values. NYSE American Options and NYSE Arca Options also do not offer such settings in their rules.

system by allowing the Exchange to reallocate System capacity and resources to more frequently elected System functionality, including other price protection and risk control functionality.

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 proposed rule change is not competitive in nature, but rather is intended to remove a risk control that is rarely used on the Exchange. The Exchange does not believe that the proposed rule change would impose a burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because it will remove the option to use this risk control for all Users on the Exchange. In addition to this, and as stated above, the use of the daily risk limit is voluntary and the Exchange will continue to offer various other price protections and risk controls that sufficiently mitigate risks associated with market participants entering and/or trading orders and quotes at unintended or extreme prices. Further, the Exchange does not believe that the proposed rule change would impose a burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed rule change reflects the current risk control offerings on other options exchanges.¹²

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.

¹² See supra note 11.

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 Act¹³ and Rule 19b-4(f)(6)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. 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

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(6).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CBOE-2020-037 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-2020-037. 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-2020-037 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).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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Rules of Cboe Exchange, Inc.

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Rule 5.34. Order and Quote Price Protection Mechanisms and Risk Controls

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(c) *All Orders.*

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(4) [*Daily Risk Limits.* If a User enables this functionality:

(A) A User may establish one or more of the following values for each of its ports, which the System aggregates (for simple and complex orders) across all of a User's ports (*i.e.*, applies on a firm basis):

- (i) cumulative notional booked bid value ("CBB");
- (ii) cumulative notional booked offer value ("CBO");
- (iii) cumulative notional executed bid value ("CEB"); and
- (iv) cumulative notional executed offer value ("CEO").

(B) The User may then establish a limit order notional cutoff, a market order notional cutoff, or both, each of which it may establish on a net basis, gross basis, or both. If a User exceeds a cutoff value, the System cancels or rejects all incoming limit orders or market orders, respectively. If a User establishes a limit order notional cutoff but does not establish (or sets as zero) the market order notional cutoff, the System cancels or rejects all market orders.

- (i) The System calculates a notional cutoff on a gross basis by summing CBB, CBO, CEB, and CEO.
- (ii) The System calculates a notional cutoff on a net basis by summing CEO and CBO, then subtracting the sum of CEB and CBB, and then taking the absolute value of the resulting amount.

(C) This functionality does not apply to bulk messages.

(5)] *Risk Monitor Mechanism*. If a User enables this functionality:

(A)-(E) No change.

(F) A User may also engage the Risk Monitor Mechanism to cancel resting bids and offers, as well as subsequent orders as set forth in Rule 5.34(c)([7]6).

([6]5) *Cancel on Reject*.

(A)-(B) No change.

([7]6) *Kill Switch*. If a User enables this functionality, the User may instruct the System to simultaneously cancel or reject all (or all orders except GTCs and GTDs if the User requests) or a subset of resting orders and quotes for an EFID. A User may also request the Exchange block all (or all orders except GTC and GTD orders if the User requests) or a subset of its new incoming bids, offers, and orders for an EFID, which block will remain in effect until the User contacts the Trade Desk to request it remove the block. The User may continue to submit cancel requests for resting orders while the block is in effect.

([8]7) *Cancel on Disconnect*. If a User enables this functionality, the User may instruct the System to cancel or reject all resting orders and quotes (or all orders except GTC and GTD orders if the User requests) for a port, when the System receives no response from a port within two “heartbeat intervals” (the length of which interval the Exchange determines). If the User does not provide this instruction for a port, the System cancels or rejects all incoming M and N orders and quotes for the port when the System receives no response from a port within two heartbeat intervals.

([9]8) *Block New Orders*. If a User enables this functionality, the User may instruct the System to block all of the User’s inbound orders and quotes. The User may continue to submit cancel requests for resting orders while its incoming orders and quotes are blocked.

([10]9) *Duplicate Order Protection*. If a User enables this functionality for a port, after the System receives a specified number of duplicate orders with the same EFID, side, price, quantity, and class within a specified time period (the User determines the number and length of the time period), the System will (A) reject additional duplicate orders until it receives instructions from the User to reset this control or (B) reject all incoming orders submitted through that port for that EFID until the User contacts the Trade Desk to request it reset this control. The User may continue to submit cancel requests prior to reset.

([11]10) *Buy-Write/Married Put Check*. If the Exchange applies this check to a class, the System cancels or rejects a stock-option order to buy the stock leg and sell a call (buy a put) for the option leg with a price that is more than the strike price of the call (put) plus (minus) a buffer amount (which the Exchange determines on a class-by-class basis).

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