

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="38"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2020"/> - * <input type="text" value="061"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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Filing by Cboe Exchange, Inc.
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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

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

The Exchange proposes to amend its Fees Schedule with respect to expiring fee waivers and incentive programs.

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="07/01/2020"/>	VP, Associate General Counsel
By <input type="text" value="Laura G. Dickman"/>	<input type="text"/>
(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.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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

Exhibit 1 - Notice of Proposed Rule Change *

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

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

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

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

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Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

Item 1. Text of the Proposed Rule Change

(a) Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to amend its Fees Schedule with respect to expiring fee waivers and incentive programs. 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 July 1, 2020.

(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 proposes to amend its Fees Schedule to (1) make permanent the MSCI EAFE Index (“MXEA”) options and MSCI Emerging Markets Index (“MXEF”) options Lead Market Maker (“LMM”) Incentive Program that is otherwise set to expire June 30, 2020, (2) amend the Global Trading Hours (“GTH”) Cboe Volatility Index (“VIX”) options and VIX Weekly (“VIXW”) options LMM Incentive Program, (3) amend the S&P 500 Index (SPX) options and SPX Weekly (“SPXW”) options LMM Incentive Program and (4) clarify that certain facility fees will be waived while the trading floor is

operating in a modified manner. The Exchange proposes to implement these amendments to its Fees Schedule on July 1, 2020.

MXEA and MXEF LMM Incentive Program

The Exchange proposes to permanently adopt the financial program for LMMs appointed in MXEA and MXEF options.¹ Currently, if the appointed LMM in MXEA and MXEF provides continuous electronic quotes during Regular Trading Hours that meet or exceed the above heightened quoting standards in at least 90% of the MXEA and MXEF series 80% of the time in a given month, the LMM will receive a payment for that month in the amount of \$20,000 per class, per month. The Fees Schedule currently provides that this program will be in place through June 30, 2020. The Exchange believes that making this incentive program permanent would continue to encourage LMM(s) in MXEA and MXEF to serve in an important role as LMMs that provide significant liquidity in these options, which, in turn, provides, and would continue to provide, greater trading opportunities, added market transparency and enhanced price discovery for all market participants in MXEA and MXEF. The Exchange notes, too, that it also proposes to remove obsolete language regarding applicability of the program in February 2019.

¹ See Cboe Options Fees Schedule, “MSCI LMM Incentive Program” Table; and Securities Exchange Act Release Nos. 83585 (July 2, 2018), 83 FR 31825 (July 9, 2018) (SR-CBOE-2018-050); 85114 (February 12, 2019), 84 FR 4878 (February 19, 2019) (SR-CBOE-2019-006); 86361 (July 11, 2019), 84 FR 34243 (July 17, 2019) (SR-CBOE-2019-031); and 87953 (January 13, 2020), 85 FR 3091 (January 17, 2020) (SR-CBOE-2020-001).

GTH VIX/VIXW LMM Program

The Exchange currently offers a financial incentive program for LMMs quoting in GTH appointed in VIX/VIXW.² Currently, pursuant to the Fees Schedule, if an LMM in VIX/VIXW provides continuous electronic quotes during GTH that meet or exceed the below heightened quoting standards in at least 99% of each of the VIX and VIXW series, 90% of the time in a given month, the LMM will receive a rebate for that month in the amount of \$20,000 for VIX and \$5,000 for VIXW.

Premium Level	Maximum Allowable Width
\$0.00-\$100.00	\$10.00
\$100.01 - \$200.00	\$16.00
Greater than \$200.000	\$24.00

Additionally, a GTH LMM in VIX/VIXW is not currently obligated to satisfy the heightened quoting standards described in the table above. Rather, an LMM is eligible to receive the rebate if it satisfies the heightened quoting standards above, which the Exchange believes encourages LMMs to provide liquidity during GTH. The Exchange may also consider other exceptions to this quoting standard based on demonstrated legal or regulatory requirements or other mitigating circumstances.

The Exchange now proposes to amend the GTH VIX/VIXW LMM Incentive Program to apply new heightened quoting standards to VIX during GTH³. Specifically, a GTH LMM in VIX must provide continuous electronic quotes during GTH that meet or exceed the new proposed heightened quoting standards (below), in the same percentage of

² The Exchange notes that an LMM appointed in VIX also holds an appointment in VIXW.

³ The current heightened quoting standard is not changing for VIXW.

the series (i.e. 99%) for the same percentage of the time (i.e. 90%) in a given month in order to receive a rebate for that month in the proposed amount of \$15,000.

Premium Level	Expiring		Near Term		Mid Term		Long Term	
	15 days or less		15 days to 60 days		61 days to 270 days		271 days or Greater	
	Width	Size	Width	Size	Width	Size	Width	Size
\$0.00 - \$1.00	\$0.75	25	\$0.50	50	\$0.50	50	\$1.00	10
\$1.01 - \$3.00	\$1.00	15	\$0.75	25	\$0.75	25	\$1.00	10
\$3.01 - \$5.00	\$1.00	15	\$0.75	25	\$0.75	25	\$1.20	7
\$5.01 - \$10.00	\$1.50	10	\$1.00	10	\$1.00	10	\$2.00	5
\$10.01 - \$30.00	\$2.50	5	\$1.50	5	\$2.50	5	\$4.00	3
Greater than \$30.00	\$5.00	3	\$3.00	5	\$5.00	3	\$7.00	2

Additionally, each LMM that meets the proposed heightened quoting standards for VIX options will receive a proposed rebate in the amount of \$0.03 per contract applied to all VIX/VIXW options contracts executed in its Market-Maker capacity during Regular Trading Hours. The Exchange also proposes to remove obsolete language regarding applicability of the program in February 2020.

Meeting or exceeding the heightened quoting standards in VIX, as proposed, to receive the proposed compensation payment remains optional for a GTH LMM. The Exchange notes that the heightened quoting standard currently in place will continue to apply to VIXW, as will the \$5,000 rebate offered for meeting such standards in VIXW. Additionally, the Exchange notes that a GTH VIX/VIXW LMM may need to undertake expenses to be able to quote at a significantly heightened standard in VIX/VIXW, such as purchase more logical connectivity based on its increased capacity needs. The Exchange believes the proposed heightened quoting requirements and rebate for VIX under the GTH VIX/VIXW LMM Incentive Program is designed to continue to encourage GTH LMMs to

provide significant liquidity in VIX options during GTH. The Exchange also notes that the proposed heightened quoting standards are substantially similar to the detail and format (specific expiration categories and corresponding premiums, quote widths, and sizes) of the heightened quoting standards currently in place for GTH SPX/SPXW LMMs.⁴

GTH SPX/SPXW LMM Program

As indicated above, the Exchange also currently offers a financial incentive program for LMMs quoting in GTH appointed in SPX/SPXW.⁵ Currently, pursuant to the Fees Schedule, if an LMM in SPX/SPXW provides continuous electronic quotes during GTH that meet or exceed the below heightened quoting standards in at least 99% of each of the SPX and SPXW series, 90% of the time in a given month, the LMM will receive a rebate for that month in the amount of \$10,000 for SPX and \$10,000 for SPXW.

Premium Level	Expiring		Near Term		Mid Term		Long Term	
	7 days or less		8 days to 60 days		61 days to 270 days		271 days or Greater	
	Width	Size	Width	Size	Width	Size	Width	Size
\$0.00 - \$5.00	\$0.50	10	\$0.40	25	\$0.60	15	\$1.00	10
\$5.01 - \$15.00	\$2.00	7	\$1.60	18	\$2.40	11	\$4.00	7
\$15.01 - \$50.00	\$5.00	5	\$4.00	13	\$6.00	8	\$10.00	5
\$50.01 - \$100.00	\$10.00	3	\$8.00	8	\$12.00	5	\$20.00	3
\$100.01 - \$200.00	\$20.00	2	\$16.00	5	\$24.00	3	\$40.00	2
Greater than \$200.00	\$30.00	1	\$24.00	3	\$36.00	1	\$60.00	1

Like with the GTH LMM VIX/VIXW Incentive Program, a GTH LMM in SPX/SPXW is not currently obligated to satisfy the heightened quoting standards described in the table above, but instead is eligible to receive the rebate if they satisfy the heightened

⁴ See Fees Schedule, “GTH SPX/SPXW Incentive Program” Table.

⁵ The Exchange notes that an LMM appointed in SPX also holds an appointment in SPXW.

quoting standards above, which are also designed to encourage LMMs to provide liquidity during GTH. The Exchange may also consider other exceptions to this quoting standard based on demonstrated legal or regulatory requirements or other mitigating circumstances.

The Exchange proposes to decrease the percentage of each the SPX and SPXW series that an LMM must quote in order to receive the current rebate under the GTH SPX/SPXW incentive program from at least 99% of the series to at least 85% of the series. The proposed decrease is intended to ease the heightened quoting standard for GTH LMMs in the appointed class so that LMMs are further incentivized to provide significant liquidity in GTH in SPX/SPXW to meet the incrementally less difficult heighten quoting standards.

Exchange Operating in Modified State – Footnote 24 Clarification

The Exchange recently submitted a rule filing, SR-CBOE-2020-058, that adopted footnote 24 of the Fees Schedule to govern pricing changes that apply for the duration of time the Exchange trading floor is being operated in a modified manner in connection with the COVID-19 pandemic.⁶ Footnote 24 provides, among other things, for certain pricing changes and waives certain facilities fees for the duration of time the Exchange is operating in a modified state in connection with the COVID-19 pandemic. The Exchange now proposes to amend footnote 24 to clarify that, when the Exchange trading floor is being operate in a modified manner in connection with the COVID-19 pandemic, TPHs will not be assessed fees on facility services that are not currently in use, which may be due to the TPH being unable to be present on the trading floor as a consequence of the pandemic. Specifically, the proposed amendment provides that, if a TPH is unable to utilize designated facility services while the trading floor is operating in a modified state,

⁶ See SR-CBOE-2020-058 (filed June 24, 2020).

corresponding fees, including for Exchangefone maintenance, single line maintenance, intra floor lines, voice circuits, data circuits at local carrier (entrance), and data circuits at in-house frame, will not be assessed. The proposed change also incorporates references to footnote 24 next to each of the above-listed designated facility services within the Facility Fees (per month) Table in the Fees Schedule.

(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 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.

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

⁹ 15 U.S.C. 78f(b)(4).

MXEA and MXEF LLM Incentive Program

The Exchange believes it is reasonable to make the MXEA and MXEF LMM Incentive Program permanent because the Exchange wants to continue incentivizing the LMM(s) in these products to continue to provide liquid and active markets in these products to encourage its growth. The Exchange notes that without the proposed financial incentive, there may not be sufficient incentive for TPHs to undertake an obligation to quote at heightened levels, which could result in lower levels of liquidity to the detriment of all market participants. The Exchange believes that the program is equitable and not unfairly discriminatory to only offer this financial incentive to MXEA and MXEF LMM(s), because it benefits all market participants trading in these options to encourage the LMM(s) to satisfy the heightened quoting standard, in turn, increasing liquidity and providing more trading opportunities, tighter spreads, added market transparency, and enhanced price discovery. Indeed, the Exchange notes that LMMs provide a crucial role in providing quotes and the opportunity for market participants to trade products, including MXEA and MXEF, which can lead to increased volume, thereby providing for a robust market. In addition, the Exchange notes that all Market-Maker types (i.e. LMMs, DPMs, as well as Primary Market-Makers (“PMMs”)) take on a number of obligations, including quoting obligations, that other market participants do not have. Such Market-Makers have added market-making and regulatory requirements, which normally do not apply to other market participants. For example, Market-Makers have obligations to maintain continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and to not make bids or offers or enter into transactions that are inconsistent with a course of dealing. Also, if a MSCI LMM does not

satisfy the heightened quoting standard, then it simply will not receive the offered per class payment for that month.

GTH VIX/VIXW LMM and GTH SPX/SPXW Incentive Programs

The Exchange believes the amended heightened quoting standards and rebate amount, along with the proposed credit during RTH for meeting the heightened quoting standards, in VIX series are reasonably designed to continue to incentivize an appointed LMM to meet the GTH quoting standards for VIX, thereby providing liquid and active markets, which facilitates tighter spreads, increased trading opportunities, and overall enhanced market quality to the benefit of all market participants. The Exchange believes that the proposed changes to the program in connection with the heightened quoting standards in VIX are reasonable in that they are substantially similar to the detail and format (specific expiration categories and corresponding premiums, quote widths, and sizes) of the heightened quoting standards currently in place for GTH SPX/SPXW LMMs.¹⁰ Quote widths and sizes typical in VIX options differ from that in SPX options, therefore, the proposed heightened quoting requirements reflect quote widths and sizes that align with the market characteristic in VIX options. Additionally, the Exchange believes the 15 days or less expiration for the “near term” expiration category (as opposed to a 7 days or less expiration for the near term) makes it easier for GTH LMMs in VIX to satisfy the near-term heightened quoting standard category, as proposed, because higher volatility generally occurs within the 7 days or less expiration timeframe, wherein it becomes more difficult for LMMs to quote within specified widths and sizes. Moreover, the Exchange believes that reducing the monthly rebate from \$20,000 to \$15,000, and adopting a credit

¹⁰ See supra note 3.

for all VIX/VIXW executions in a Market-Maker capacity, for meeting the heightened quoting standards in VIX, as proposed, is reasonable and equitable as it will continue to offer a monthly rebate, though reduced, that falls within a comparable realm of rebates offered for other, similar LMM incentive programs¹¹ while also offering an additional opportunity in which a GTH VIX LMM may receive an additional rebate on its activity in VIX/VIXW.

Similarly, the Exchange believes it is reasonable to ease the percentage of the SPX/SPXW series for which a GTH SPX/SPXW LMM must quote in order to receive the existing rebate pursuant to the GTH SPX/SPXW LMM Incentive Program, because the proposed change is reasonably designed to slightly decrease the difficulty in meeting the heightened quoting standards, which, in turn, provides increased incentivize for GTH LMMs to provide significant liquidity in SPX/SPXW during GTH. The Exchange believes that although the proposed change decreases the amount of the series that a GTH LMM may quote in order to receive the program's rebate, the proposed percentage (85%) remains well above even half the series, and, the Exchange notes, the 90% timing requirement will remain in place; consequently, a GTH LMM must continue to submit significant liquidity in order to receive the rebate.

The Exchange believes it is equitable and not unfairly discriminatory to continue to only offer this financial incentive to GTH VIX /VIXW and GTH SPX/SPXW LMMs, as amended, because it benefits all market participants trading VIX/VIXW and

¹¹ See Fees Schedule, "MSCI LMM Incentive Program" Table, which offers appointed LMMs payment of \$20,000 for meeting certain heightened quoting requirements; and "GTH SPX/SPXW Incentive Program" Table, which offers appointed LMMs payment of \$10,000 for meeting certain heightened quoting requirements.

SPX/SPXW during GTH to encourage the LMMs to satisfy the heightened quoting standard, which ensures, and may even provide increased, liquidity, which thereby may provide more trading opportunities and tighter spreads. Indeed, the Exchange notes that the GTH LMMs serve a crucial role in providing quotes and the opportunity for market participants to trade VIX/VIXW and SPX/SPXW, which can lead to increased volume, providing for robust markets. The Exchange ultimately wishes to sufficiently incentive a GTH LMM to provide liquid and active markets in VIX/VIXW and SPX/SPXW during GTH to encourage liquidity. The Exchange believes that the programs, even as amended, will continue to encourage increased quoting to add liquidity in VIX, and in SPX/SPXW, thereby protecting investors and the public interest. The Exchange also notes that a GTH LMM may have added costs each month that it needs to undertake in order to satisfy that heightened quoting standard (e.g., having to purchase additional logical connectivity). The Exchange believes the proposed amendments are equitable and not unfairly discriminatory because they equally apply to any TPH that is appointed as a GTH VIX/VIXW or SPX/SPXW LMM, respectively. Additionally, if a GTH LMM does not satisfy the heightened quoting standard in VIX/VIXW or SPX/SPXW, as applicable, for any given month, then it simply will not receive the offered payment for that month.

Exchange Operating in Modified State – Footnote 24 Clarification

The Exchange believes the proposed rule change to waive fees for designated facility services unable to be utilized when the trading floor is operated in a modified manner is reasonable because TPHs will not be assessed fees for such facility services that they are not currently using as a result of not accessing the trading floor due to the COVID-19 pandemic. The Exchange notes that footnote 24 already provides for waivers of certain

facilities fees while the Exchange trading floor is operating in a modified manner and such facilities are not being used by TPHs. The proposed change merely clarifies that the fees normally assessed for designated facility services (Exchange phone maintenance, single line maintenance, intra floor lines, voice circuits, data circuits at local carrier (entrance), and data circuits at in-house frame) will be included in the list of floor-related fees for facility services that are waived when the services are not in use due to COVID-19 complications. The Exchange believes that it is reasonable not to charge a service fee to TPHs when such services are not being utilized as a result of the Exchange operating in a modified manner. The listed facility fees each apply to a service that a TPH may not be utilizing because such TPH is not currently active on the trading floor and using the facilities as a result of the COVID-19 pandemic. The Exchange believes the proposed rule change relating to waiving certain service fees is also reasonable, equitable and not unfairly discriminatory as it applies equally to all floor TPHs who do not use such services while the trading floor is operating in a modified manner.

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 intramarket or intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange believes the proposed rule change does impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. Particularly, the proposed changes to existing incentive programs that already apply to all LMMs appointed to the applicable classes (i.e. MXEF, MXEA, VIX, VIXW, SPX, SPXW) in a uniform manner. To the extent these LMMs receive a benefit that other

market participants do not, as stated, LMMs have different obligations and are held to different standards. For example, LMMs play a crucial role in providing active and liquid markets in their appointed products, thereby providing a robust market which benefits all market participants. Such Market-Makers also have obligations and regulatory requirements that other participants do not have. The Exchange also notes that the incentive programs are designed to attract additional order flow to the Exchange, wherein greater liquidity benefits all market participants by providing more trading opportunities, tighter spreads, and added market transparency and price discovery, and signals to other market participants to direct their order flow to those markets, thereby contributing to robust levels of liquidity.

The Exchange notes the proposed changes in connection with footnote 24 are not intended to address any competitive issue, but rather to address fee changes it believes are reasonable because the trading floor is currently operating in a modified manner in connection with COVID-19 in order to help protect the safety and welfare of individuals access the trading floor. The Exchange does not believe that the proposed rule change to waive the service fees for those services not currently in use will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed changes apply equally to all floor TPHs not utilizing such facility services.

The Exchange believes the proposed rule change does not impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed changes in connection with the incentive programs only affect trading on Cboe Options, as the incentive programs apply to transactions in products

exclusively listed on Cboe Options. The Exchange notes it operates in a highly competitive market. In addition to Cboe Options, TPHs have numerous alternative venues that they may participate on and direct their order flow, including 15 other options exchanges, as well as off-exchange venues, where competitive products are available for trading. Based on publicly available information, no single options exchange has more than 18% of the market share of executed volume of options trades.¹² Therefore, no exchange possesses significant pricing power in the execution of option order flow. Moreover, the Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹³ The fact that this market is competitive has also long been recognized by the courts. In *NetCoalition v. Securities and Exchange Commission*, the D.C. Circuit stated as follows: “[n]o one disputes that competition for order flow is ‘fierce.’ ... As the SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market share percentages for granted’ because ‘no exchange possesses a monopoly, regulatory or otherwise, in the execution of

¹² See Cboe Global Markets, U.S. Options Market Volume Summary by Month (June 29, 2020), available at http://markets.cboe.com/us/options/market_share/.

¹³ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

order flow from broker dealers'....".¹⁴ Accordingly, the Exchange does not believe its proposed changes to the incentive programs 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 in connection with the waiver of certain designated facility service fees will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed changes only affect trading on the Exchange in limited circumstances.

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 Act¹⁵ and Rule 19b-4(f)(2)¹⁶ 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

¹⁴ NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f)(2).

“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.

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-2020-061]

[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 with Respect to Expiring Fee Waivers and Incentive Programs

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 its Fees Schedule with respect to expiring fee waivers and incentive programs. 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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

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

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

1. Purpose

The Exchange proposes to amend its Fees Schedule to (1) make permanent the MSCI EAFE Index (“MXEA”) options and MSCI Emerging Markets Index (“MXEF”) options Lead Market Maker (“LMM”) Incentive Program that is otherwise set to expire June 30, 2020, (2) amend the Global Trading Hours (“GTH”) Cboe Volatility Index (“VIX”) options and VIX Weekly (“VIXW”) options LMM Incentive Program, (3) amend the S&P 500 Index (SPX) options and SPX Weekly (“SPXW”) options LMM Incentive Program and (4) clarify that certain facility fees will be waived while the trading floor is operating in a modified manner. The Exchange proposes to implement these amendments to its Fees Schedule on July 1, 2020.

MXEA and MXEF LMM Incentive Program

The Exchange proposes to permanently adopt the financial program for LMMs appointed in MXEA and MXEF options.³ Currently, if the appointed LMM in MXEA

³ See Cboe Options Fees Schedule, “MSCI LMM Incentive Program” Table; and Securities Exchange Act Release Nos. 83585 (July 2, 2018), 83 FR 31825 (July 9, 2018) (SR-CBOE-2018-050); 85114 (February 12, 2019), 84 FR 4878 (February

and MXEF provides continuous electronic quotes during Regular Trading Hours that meet or exceed the above heightened quoting standards in at least 90% of the MXEA and MXEF series 80% of the time in a given month, the LMM will receive a payment for that month in the amount of \$20,000 per class, per month. The Fees Schedule currently provides that this program will be in place through June 30, 2020. The Exchange believes that making this incentive program permanent would continue to encourage LMM(s) in MXEA and MXEF to serve in an important role as LMMs that provide significant liquidity in these options, which, in turn, provides, and would continue to provide, greater trading opportunities, added market transparency and enhanced price discovery for all market participants in MXEA and MXEF. The Exchange notes, too, that it also proposes to remove obsolete language regarding applicability of the program in February 2019.

GTH VIX/VIXW LMM Program

The Exchange currently offers a financial incentive program for LMMs quoting in GTH appointed in VIX/VIXW.⁴ Currently, pursuant to the Fees Schedule, if an LMM in VIX/VIXW provides continuous electronic quotes during GTH that meet or exceed the below heightened quoting standards in at least 99% of each of the VIX and VIXW series, 90% of the time in a given month, the LMM will receive a rebate for that month in the amount of \$20,000 for VIX and \$5,000 for VIXW.

Premium Level	Maximum Allowable Width
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19, 2019) (SR-CBOE-2019-006); 86361 (July 11, 2019), 84 FR 34243 (July 17, 2019) (SR-CBOE-2019-031); and 87953 (January 13, 2020), 85 FR 3091 (January 17, 2020) (SR-CBOE-2020-001).

⁴ The Exchange notes that an LMM appointed in VIX also holds an appointment in VIXW.

\$0.00-\$100.00	\$10.00
\$100.01 - \$200.00	\$16.00
Greater than \$200.000	\$24.00

Additionally, a GTH LMM in VIX/VIXW is not currently obligated to satisfy the heightened quoting standards described in the table above. Rather, an LMM is eligible to receive the rebate if it satisfies the heightened quoting standards above, which the Exchange believes encourages LMMs to provide liquidity during GTH. The Exchange may also consider other exceptions to this quoting standard based on demonstrated legal or regulatory requirements or other mitigating circumstances.

The Exchange now proposes to amend the GTH VIX/VIXW LMM Incentive Program to apply new heightened quoting standards to VIX during GTH⁵. Specifically, a GTH LMM in VIX must provide continuous electronic quotes during GTH that meet or exceed the new proposed heightened quoting standards (below), in the same percentage of the series (i.e. 99%) for the same percentage of the time (i.e. 90%) in a given month in order to receive a rebate for that month in the proposed amount of \$15,000.

Premium Level	Expiring		Near Term		Mid Term		Long Term	
	15 days or less		15 days to 60 days		61 days to 270 days		271 days or Greater	
	Width	Size	Width	Size	Width	Size	Width	Size
\$0.00 - \$1.00	\$0.75	25	\$0.50	50	\$0.50	50	\$1.00	10
\$1.01 - \$3.00	\$1.00	15	\$0.75	25	\$0.75	25	\$1.00	10
\$3.01 - \$5.00	\$1.00	15	\$0.75	25	\$0.75	25	\$1.20	7
\$5.01 - \$10.00	\$1.50	10	\$1.00	10	\$1.00	10	\$2.00	5
\$10.01 - \$30.00	\$2.50	5	\$1.50	5	\$2.50	5	\$4.00	3
Greater than \$30.00	\$5.00	3	\$3.00	5	\$5.00	3	\$7.00	2

⁵ The current heightened quoting standard is not changing for VIXW.

Additionally, each LMM that meets the proposed heightened quoting standards for VIX options will receive a proposed rebate in the amount of \$0.03 per contract applied to all VIX/VIXW options contracts executed in its Market-Maker capacity during Regular Trading Hours. The Exchange also proposes to remove obsolete language regarding applicability of the program in February 2020.

Meeting or exceeding the heightened quoting standards in VIX, as proposed, to receive the proposed compensation payment remains optional for a GTH LMM. The Exchange notes that the heightened quoting standard currently in place will continue to apply to VIXW, as will the \$5,000 rebate offered for meeting such standards in VIXW. Additionally, the Exchange notes that a GTH VIX/VIXW LMM may need to undertake expenses to be able to quote at a significantly heightened standard in VIX/VIXW, such as purchase more logical connectivity based on its increased capacity needs. The Exchange believes the proposed heightened quoting requirements and rebate for VIX under the GTH VIX/VIXW LMM Incentive Program is designed to continue to encourage GTH LMMs to provide significant liquidity in VIX options during GTH. The Exchange also notes that the proposed heightened quoting standards are substantially similar to the detail and format (specific expiration categories and corresponding premiums, quote widths, and sizes) of the heightened quoting standards currently in place for GTH SPX/SPXW LMMs.⁶

GTH SPX/SPXW LMM Program

⁶ See Fees Schedule, “GTH SPX/SPXW Incentive Program” Table.

As indicated above, the Exchange also currently offers a financial incentive program for LMMs quoting in GTH appointed in SPX/SPXW.⁷ Currently, pursuant to the Fees Schedule, if an LMM in SPX/SPXW provides continuous electronic quotes during GTH that meet or exceed the below heightened quoting standards in at least 99% of each of the SPX and SPXW series, 90% of the time in a given month, the LMM will receive a

Premium Level	Expiring		Near Term		Mid Term		Long Term	
	7 days or less		8 days to 60 days		61 days to 270 days		271 days or Greater	
	Width	Size	Width	Size	Width	Size	Width	Size
\$0.00 - \$5.00	\$0.50	10	\$0.40	25	\$0.60	15	\$1.00	10
\$5.01 - \$15.00	\$2.00	7	\$1.60	18	\$2.40	11	\$4.00	7
\$15.01 - \$50.00	\$5.00	5	\$4.00	13	\$6.00	8	\$10.00	5
\$50.01 - \$100.00	\$10.00	3	\$8.00	8	\$12.00	5	\$20.00	3
\$100.01 - \$200.00	\$20.00	2	\$16.00	5	\$24.00	3	\$40.00	2
Greater than \$200.00	\$30.00	1	\$24.00	3	\$36.00	1	\$60.00	1

rebate for that month in the amount of \$10,000 for SPX and \$10,000 for SPXW.

Like with the GTH LMM VIX/VIXW Incentive Program, a GTH LMM in SPX/SPXW is not currently obligated to satisfy the heightened quoting standards described in the table above, but instead is eligible to receive the rebate if they satisfy the heightened quoting standards above, which are also designed to encourage LMMs to provide liquidity during GTH. The Exchange may also consider other exceptions to this quoting standard based on demonstrated legal or regulatory requirements or other mitigating circumstances.

⁷ The Exchange notes that an LMM appointed in SPX also holds an appointment in SPXW.

The Exchange proposes to decrease the percentage of each the SPX and SPXW series that an LMM must quote in order to receive the current rebate under the GTH SPX/SPXW incentive program from at least 99% of the series to at least 85% of the series. The proposed decrease is intended to ease the heightened quoting standard for GTH LMMs in the appointed class so that LMMs are further incentivized to provide significant liquidity in GTH in SPX/SPXW to meet the incrementally less difficult heighten quoting standards.

Exchange Operating in Modified State – Footnote 24 Clarification

The Exchange recently submitted a rule filing, SR-CBOE-2020-058, that adopted footnote 24 of the Fees Schedule to govern pricing changes that apply for the duration of time the Exchange trading floor is being operated in a modified manner in connection with the COVID-19 pandemic.⁸ Footnote 24 provides, among other things, for certain pricing changes and waives certain facilities fees for the duration of time the Exchange is operating in a modified state in connection with the COVID-19 pandemic. The Exchange now proposes to amend footnote 24 to clarify that, when the Exchange trading floor is being operate in a modified manner in connection with the COVID-19 pandemic, TPHs will not be assessed fees on facility services that are not currently in use, which may be due to the TPH being unable to be present on the trading floor as a consequence of the pandemic. Specifically, the proposed amendment provides that, if a TPH is unable to utilize designated facility services while the trading floor is operating in a modified state, corresponding fees, including for Exchangefone maintenance, single line maintenance, intra floor lines, voice circuits, data circuits at local carrier (entrance),

⁸ See SR-CBOE-2020-058 (filed June 24, 2020).

and data circuits at in-house frame, will not be assessed. The proposed change also incorporates references to footnote 24 next to each of the above-listed designated facility services within the Facility Fees (per month) Table in the Fees Schedule.

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.

MXEA and MXEF LLM Incentive Program

The Exchange believes it is reasonable to make the MXEA and MXEF LMM Incentive Program permanent because the Exchange wants to continue incentivizing the

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ 15 U.S.C. 78f(b)(4).

LMM(s) in these products to continue to provide liquid and active markets in these products to encourage its growth. The Exchange notes that without the proposed financial incentive, there may not be sufficient incentive for TPHs to undertake an obligation to quote at heightened levels, which could result in lower levels of liquidity to the detriment of all market participants. The Exchange believes that the program is equitable and not unfairly discriminatory to only offer this financial incentive to MXEA and MXEF LMM(s), because it benefits all market participants trading in these options to encourage the LMM(s) to satisfy the heightened quoting standard, in turn, increasing liquidity and providing more trading opportunities, tighter spreads, added market transparency, and enhanced price discovery. Indeed, the Exchange notes that LMMs provide a crucial role in providing quotes and the opportunity for market participants to trade products, including MXEA and MXEF, which can lead to increased volume, thereby providing for a robust market. In addition, the Exchange notes that all Market-Maker types (i.e. LMMs, DPMS, as well as Primary Market-Makers (“PMMs”)) take on a number of obligations, including quoting obligations, that other market participants do not have. Such Market-Makers have added market-making and regulatory requirements, which normally do not apply to other market participants. For example, Market-Makers have obligations to maintain continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and to not make bids or offers or enter into transactions that are inconsistent with a course of dealing. Also, if a MSCI LMM does not satisfy the heightened quoting standard, then it simply will not receive the offered per class payment for that month.

GTH VIX/VIXW LMM and GTH SPX/SPXW Incentive Programs

The Exchange believes the amended heightened quoting standards and rebate amount, along with the proposed credit during RTH for meeting the heightened quoting standards, in VIX series are reasonably designed to continue to incentivize an appointed LMM to meet the GTH quoting standards for VIX, thereby providing liquid and active markets, which facilitates tighter spreads, increased trading opportunities, and overall enhanced market quality to the benefit of all market participants. The Exchange believes that the proposed changes to the program in connection with the heightened quoting standards in VIX are reasonable in that they are substantially similar to the detail and format (specific expiration categories and corresponding premiums, quote widths, and sizes) of the heightened quoting standards currently in place for GTH SPX/SPXW LMMs.¹² Quote widths and sizes typical in VIX options differ from that in SPX options, therefore, the proposed heightened quoting requirements reflect quote widths and sizes that align with the market characteristic in VIX options. Additionally, the Exchange believes the 15 days or less expiration for the “near term” expiration category (as opposed to a 7 days or less expiration for the near term) makes it easier for GTH LMMs in VIX to satisfy the near-term heightened quoting standard category, as proposed, because higher volatility generally occurs within the 7 days or less expiration timeframe, wherein it becomes more difficult for LMMs to quote within specified widths and sizes. Moreover, the Exchange believes that reducing the monthly rebate from \$20,000 to \$15,000, and adopting a credit for all VIX/VIXW executions in a Market-Maker capacity, for meeting the heightened quoting standards in VIX, as proposed, is reasonable and equitable as it will continue to offer a monthly rebate, though reduced, that falls

¹² See supra note 5.

within a comparable realm of rebates offered for other, similar LMM incentive programs¹³ while also offering an additional opportunity in which a GTH VIX LMM may receive an additional rebate on its activity in VIX/VIXW.

Similarly, the Exchange believes it is reasonable to ease the percentage of the SPX/SPXW series for which a GTH SPX/SPXW LMM must quote in order to receive the existing rebate pursuant to the GTH SPX/SPXW LMM Incentive Program, because the proposed change is reasonably designed to slightly decrease the difficulty in meeting the heightened quoting standards, which, in turn, provides increased incentivize for GTH LMMs to provide significant liquidity in SPX/SPXW during GTH. The Exchange believes that although the proposed change decreases the amount of the series that a GTH LMM may quote in order to receive the program's rebate, the proposed percentage (85%) remains well above even half the series, and, the Exchange notes, the 90% timing requirement will remain in place; consequently, a GTH LMM must continue to submit significant liquidity in order to receive the rebate.

The Exchange believes it is equitable and not unfairly discriminatory to continue to only offer this financial incentive to GTH VIX /VIXW and GTH SPX/SPXW LMMs, as amended, because it benefits all market participants trading VIX/VIXW and SPX/SPXW during GTH to encourage the LMMs to satisfy the heightened quoting standard, which ensures, and may even provide increased, liquidity, which thereby may provide more trading opportunities and tighter spreads. Indeed, the Exchange notes that

¹³ See Fees Schedule, "MSCI LMM Incentive Program" Table, which offers appointed LMMs payment of \$20,000 for meeting certain heightened quoting requirements; and "GTH SPX/SPXW Incentive Program" Table, which offers appointed LMMs payment of \$10,000 for meeting certain heightened quoting requirements.

the GTH LMMs serve a crucial role in providing quotes and the opportunity for market participants to trade VIX/VIXW and SPX/SPXW, which can lead to increased volume, providing for robust markets. The Exchange ultimately wishes to sufficiently incentive a GTH LMM to provide liquid and active markets in VIX/VIXW and SPX/SPXW during GTH to encourage liquidity. The Exchange believes that the programs, even as amended, will continue to encourage increased quoting to add liquidity in VIX, and in SPX/SPXW, thereby protecting investors and the public interest. The Exchange also notes that a GTH LMM may have added costs each month that it needs to undertake in order to satisfy that heightened quoting standard (e.g., having to purchase additional logical connectivity). The Exchange believes the proposed amendments are equitable and not unfairly discriminatory because they equally apply to any TPH that is appointed as a GTH VIX/VIXW or SPX/SPXW LMM, respectively. Additionally, if a GTH LMM does not satisfy the heightened quoting standard in VIX/VIXW or SPX/SPXW, as applicable, for any given month, then it simply will not receive the offered payment for that month.

Exchange Operating in Modified State – Footnote 24 Clarification

The Exchange believes the proposed rule change to waive fees for designated facility services unable to be utilized when the trading floor is operated in a modified manner is reasonable because TPHs will not be assessed fees for such facility services that they are not currently using as a result of not accessing the trading floor due to the COVID-19 pandemic. The Exchange notes that footnote 24 already provides for waivers of certain facilities fees while the Exchange trading floor is operating in a modified manner and such facilities are not being used by TPHs. The proposed change merely clarifies that the fees normally assessed for designated facility services

(Exchangefone maintenance, single line maintenance, intra floor lines, voice circuits, data circuits at local carrier (entrance), and data circuits at in-house frame) will be included in the list of floor-related fees for facility services that are waived when the services are not in use due to COVID-19 complications. The Exchange believes that it is reasonable not to charge a service fee to TPHs when such services are not being utilized as a result of the Exchange operating in a modified manner. The listed facility fees each apply to a service that a TPH may not be utilizing because such TPH is not currently active on the trading floor and using the facilities as a result of the COVID-19 pandemic. The Exchange believes the proposed rule change relating to waiving certain service fees is also reasonable, equitable and not unfairly discriminatory as it applies equally to all floor TPHs who do not use such services while the trading floor is operating in a modified manner.

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 intramarket or intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange believes the proposed rule change does impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. Particularly, the proposed changes to existing incentive programs that already apply to all LMMs appointed to the applicable classes (i.e. MXEF, MXEA, VIX, VIXW, SPX, SPXW) in a uniform manner. To the extent these LMMs receive a benefit that other market participants do not, as stated, LMMs have different obligations and are held to different standards. For example, LMMs play a crucial role in providing

active and liquid markets in their appointed products, thereby providing a robust market which benefits all market participants. Such Market-Makers also have obligations and regulatory requirements that other participants do not have. The Exchange also notes that the incentive programs are designed to attract additional order flow to the Exchange, wherein greater liquidity benefits all market participants by providing more trading opportunities, tighter spreads, and added market transparency and price discovery, and signals to other market participants to direct their order flow to those markets, thereby contributing to robust levels of liquidity.

The Exchange notes the proposed changes in connection with footnote 24 are not intended to address any competitive issue, but rather to address fee changes it believes are reasonable because the trading floor is currently operating in a modified manner in connection with COVID-19 in order to help protect the safety and welfare of individuals access the trading floor. The Exchange does not believe that the proposed rule change to waive the service fees for those services not currently in use will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed changes apply equally to all floor TPHs not utilizing such facility services.

The Exchange believes the proposed rule change does not impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed changes in connection with the incentive programs only affect trading on Cboe Options, as the incentive programs apply to transactions in products exclusively listed on Cboe Options. The Exchange notes it operates in a highly competitive market. In addition to Cboe Options, TPHs have numerous alternative

venues that they may participate on and direct their order flow, including 15 other options exchanges, as well as off-exchange venues, where competitive products are available for trading. Based on publicly available information, no single options exchange has more than 18% of the market share of executed volume of options trades.¹⁴ Therefore, no exchange possesses significant pricing power in the execution of option order flow. Moreover, the Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹⁵ The fact that this market is competitive has also long been recognized by the courts. In *NetCoalition v. Securities and Exchange Commission*, the D.C. Circuit stated as follows: “[n]o one disputes that competition for order flow is ‘fierce.’ ... As the SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market share percentages for granted’ because ‘no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker

¹⁴ See Cboe Global Markets, U.S. Options Market Volume Summary by Month (June 29, 2020), available at http://markets.cboe.com/us/options/market_share/.

¹⁵ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

dealers'....".¹⁶ Accordingly, the Exchange does not believe its proposed changes to the incentive programs 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 in connection with the waiver of certain designated facility service fees will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed changes only affect trading on the Exchange in limited circumstances.

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 Act¹⁷ and paragraph (f) of Rule 19b-4¹⁸ 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

¹⁶ NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

¹⁷ 15 U.S.C. 78s(b)(3)(A).

¹⁸ 17 CFR 240.19b-4(f).

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

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CBOE-2020-061 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-2020-061. 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-2020-061 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.¹⁹

Secretary

¹⁹ 17 CFR 200.30-3(a)(12).



Options Transaction Fees (1)(3)(4)(7)(15)(33)(39)(12)

Facility Fees (per month)(28)

Communications		Monthly Fee	Installation	Relocation	Removal
Exchangefone	Exchangefone		\$935	\$129	\$100
	Maintenance (12)(24)	\$57			
	With Recorded Coupler Between Booths			\$126	
	Within Booth			\$25	
Single Line	Maintenance (12)(24)	\$11.50			
Wireless Phone Rentals (plus usage fee)	Monthly Fee (12)(24)	\$110			
	Replacement/Repairs	cost			
Lines		Monthly Fee	Installation	Relocation	Removal
	Intra-Floor (12)(24)	\$57.75			
	Voice Circuits (12)(24)	\$16	\$52.50		\$36.75
Appearances	New Circuits - First		\$120		\$50
	New Circuits - @ Additional		\$18		\$18
	Existing Line Appearance - First		\$50	\$50	\$25
	Existing Line Appearance - @ Additional		\$18	\$18	\$18
Data Circuits at Local Carrier (entrance) (12)(24)		\$16	\$52.50		\$36.75
Data Circuits at In-House Frame (12)(24)	Lines Between Local Carrier and Communications Center (CC)	\$12.75	\$550		
	Lines Direct From Local Carrier to Trading Floor	\$12.75	\$725	\$625	
	Lines Between CC and Trading Floor	\$12.75	\$725	\$625	

MSCI LMM Incentive Program

Capacity	Capacity Code	Premium Level	Expiring		Near Term		Mid Term		Long Term	
			7 days or less		8 days to 60 days		61 days to 270 days		271 days or Greater	
			Width	Size	Width	Size	Width	Size	Width	Size
LMM	M	\$0.00 - \$5.00	\$3.00	5	\$1.50	20	\$2.50	15	\$5.00	10
		\$5.01 - \$15.00	\$6.00	3	\$3.00	15	\$5.00	10	\$10.00	7
		\$15.01 - \$50.00	\$15.00	2	\$7.50	10	\$10.00	7	\$20.00	5
		\$50.01 - \$100.00	\$25.00	1	\$15.00	7	\$20.00	5	\$30.00	3
		\$100.01 - \$200.00	\$40.00	1	\$25.00	3	\$35.00	3	\$48.00	2
		Greater than \$200.00	\$60.00	1	\$40.00	1	\$50.00	1	\$72.00	1

For MXEA and MXEF, if the appointed LMM provides continuous electronic quotes during Regular Trading Hours that meet or exceed the above heightened quoting standards in at least 90% of the MXEA and MXEF series 80% of the time in a given month, the LMM will receive a payment for that month in the amount of \$40,000 per class for the month of February 2019, and \$20,000 per class, per month [thereafter]. The Exchange may consider other exceptions to this quoting standard based on demonstrated legal or regulatory requirements or other mitigating circumstances. [This program will be in place through June 30, 2020.]

GTH VIX/VIXW LMM Incentive Program

VIXW			
Capacity	Capacity Code	Premium Level	Maximum Allowable Width
LMM	M	\$0.00 - \$100.00	\$10.00
		\$100.01 - \$200.00	\$16.00
		Greater than \$200.00	\$24.00

VIX										
Capacity	Capacity Code	Premium Level	Expiring		Near Term		Mid Term		Long Term	
			15 days or less		15 days to 60 days		61 days to 270 days		271 days or Greater	
			Width	Size	Width	Size	Width	Size	Width	Size

LMM	M	\$0.00 - \$1.00	\$0.75	Cboe Exchange, Inc.	\$0.50	50	\$0.50	50	\$1.00	10
		\$1.01 - \$3.00	\$1.00	15	\$0.75	25	\$0.75	25	\$1.00	10
		\$3.01 - \$5.00	\$1.00	15	\$0.75	25	\$0.75	25	\$1.20	7
		\$5.01 - \$10.00	\$1.50	10	\$1.00	10	\$1.00	10	\$2.00	5
		\$10.01 - \$30.00	\$2.50	5	\$1.50	5	\$2.50	5	\$4.00	3
		Greater than \$30.00	\$5.00	3	\$3.00	5	\$5.00	3	\$7.00	2

For VIX and VIXW if the appointed LMM provides continuous electronic quotes during Global Trading Hours that meet or exceed the above heightened quoting standards in at least 99% of each of the VIX and VIXW series, 90% of the time in a given month, the LMM will receive a rebate for that month in the amount of \$2015,000 for VIX and \$5,000 for VIXW (or pro-rated amount if an appointment begins after the first trading day of the month or ends prior to the last trading day of the month) for that month. Additionally, if the appointed LMM provides continuous electronic quotes during Global Trading Hours that meet or exceed the above VIX heightened quoting standards in at least 99% of the VIX series, 90% of the time in a given month, the LMM will receive a rebate for that month of \$0.03 per VIX/VIXW contract executed in its Market-Maker capacity during Regular Trading Hours. The Exchange may consider other exceptions to this quoting standard based on demonstrated legal or regulatory requirements or other mitigating circumstances. [For February 2020, the heightened quoting standard will only apply for the period of February 10 - February 29.]

GTH SPX/SPXW LMM Incentive Program										
Capacity	Capacity Code	Premium Level	Expiring		Near Term		Mid Term		Long Term	
			7 days or less		8 days to 60 days		61 days to 270 days		271 days or Greater	
			Width	Size	Width	Size	Width	Size	Width	Size
LMM	M	\$0.00 - \$5.00	\$0.50	10	\$0.40	25	\$0.60	15	\$1.00	10
		\$5.01 - \$15.00	\$2.00	7	\$1.60	18	\$2.40	11	\$4.00	7
		\$15.01 - \$50.00	\$5.00	5	\$4.00	13	\$6.00	8	\$10.00	5
		\$50.01 - \$100.00	\$10.00	3	\$8.00	8	\$12.00	5	\$20.00	3
		\$100.01 - \$200.00	\$20.00	2	\$16.00	5	\$24.00	3	\$40.00	2
		Greater than \$200.00	\$30.00	1	\$24.00	3	\$36.00	1	\$60.00	1

For SPX and SPXW if the appointed LMM provides continuous electronic quotes during Global Trading Hours that meet or exceed the above heightened quoting standards in at least [99]85% of each of the SPX and SPXW series 90% of the time in a given month, the LMM will receive a rebate for that month in the amount of \$10,000 for SPX and \$10,000 for SPXW (or pro-rated amount if an appointment begins after the first trading day of the month or ends prior to the last trading day of the month) for that month. The Exchange may consider other exceptions to this quoting standard based on demonstrated legal or regulatory requirements or other mitigating circumstances.

Footnotes (Continued):	
Footnote Number	Description

24	<p>When the Exchange is operating in a modified state in connection with the COVID-19 pandemic, floor trading permit fees will not be assessed on the total number of floor trading permits a TPH organization holds, and instead will be based on the floor trading permits used by nominees of the TPH each day during the month using the following formula: (i) the number of floor trading permits that have a nominee assigned to it in the Customer Web Portal system ("Portal") in a given month, multiplied by the number of trading days that the floor is open and that a nominee is assigned to each respective trading permit in that month, divided by (ii) the total number of trading days in a month. The Exchange will round up to determine the total number of trading permits assessed the fees set forth in the Floor Trading Permit Sliding Scales. If the trading floor becomes fully operational mid-month, trading floor permit fees will continue to be assessed using the foregoing formula. The Exchange will also apply the following pricing changes for the duration of time the Exchange is operating in a modified state in connection with the COVID-19 pandemic: (1) the monthly fee for the SPX/SPXW Floor Market-Maker Tier Appointment Fee will be increased to \$5,000 per Trading Permit; (2) SPX/SPXW Floor Brokerage Fees will be assessed the rate of \$0.05 per contract for non-crossed orders and \$0.03 per contract for crossed orders; (3) the Inactive Nominee Status (Parking Space) and Inactive Nominee Status Change (Trading Permit Swap) fees will not apply during any month the trading floor is operating in a modified state; and (4) monthly fees will be waived for the following facilities fees: standard and non-standard booth rentals, wireless phone rental, arbitrage phone positions and satellite tv, provided however that such fees will be pro-rated based on the remaining trading days in the calendar month if the trading floor becomes fully operational mid-month. <u>If a TPH is unable to utilize designated facility services while the trading floor is operating in a modified state, corresponding fees, including for Exchange phone maintenance, single line maintenance, intra floor lines, voice circuits, data circuits at local carrier (entrance), and data circuits at in-house frame, will not be assessed.</u></p>
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