OMB APPROVAL
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Required fields are shown with yellow backgrounds and asterisks.

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

File No.* SR - 2020 - * 114
Amendment No. (req. for Amendments *)

Filing by Cboe Exchange, Inc.

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

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

Pilot	Extension of Time Period for Commission Action *	Date Expires *
☐	☐	

Rule

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

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

Section 806(e)(1) * ☐

Section 806(e)(2) * ☐

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

Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

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

The Exchange proposes to amend its Fees Schedule.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Rebecca Last Name * Tenuta
Title * Counsel
E-mail * rtenuta@cboe.com
Telephone * (312) 786-7068 Fax

Signature

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

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

Date 12/01/2020

By Laura G. DIckman
(Name *)

(Title *)
VP, Associate General Counsel

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

ldickman@cboe.com

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

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

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

(a) Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") proposes to amend its Fees Schedule. The text of the proposed rule change is provided in Exhibit 5.

(b) Not applicable.

(c) Not applicable.

Item 2. **Procedures of the Self-Regulatory Organization**

(a) The Exchange's President (or designee) pursuant to delegated authority approved the proposed rule change on November 30, 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 the Exchange also proposes to amend certain routing fees in connection with routed Customer orders in ETF and equity options, effective December 1, 2020.

The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange is only one of 16 options venues to which market participants may direct their order flow. Based on publicly available information, no single options exchange has more than 16% of the market share.[1] Thus, in such a low-concentrated and highly competitive market, no single options exchange possesses significant pricing power in the execution of option order flow. The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow or discontinue to reduce use of certain categories of products in response to fee changes. Accordingly, competitive forces constrain the Exchange's transaction fees, and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable. In response to competitive pricing, the Exchange, like other options exchanges, offers rebates and assesses fees for certain order types executed on or routed through the Exchange. The Exchange notes too that other options exchanges currently approximate routing fees in a similar manner as the Exchange's current approach to assessing approximate routing fees, as discussed below.[2]

The Exchange assesses fees in connection with orders routed away to various exchanges. Currently, under the Routing Fees table of the Fee Schedule, fee codes RD, RE, RF, RG, RH and RI are appended to certain Customer orders in ETF and Equity options, as follows:

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1 See Cboe Global Markets U.S. Options Monthly Market Volume Summary (November 23, 2020), available at https://markets.cboe.com/us/options/market_statistics/.

2 See e.g., NYSE Arca Options Fees and Charges, "Routing Fees", which provides routing fees of "$0.11 per contract on orders routed and executed on another exchange, plus (i) any transaction fees assessed by the away exchange (calculated on an order-by-order basis since different away exchanges charge different amounts) or (ii) if the actual transaction fees assessed by the away exchange(s) cannot be determined prior to the execution, the highest per contract charge assessed by the away exchange(s) for the relevant option class and type of market participant (e.g., Customer, Firm, Broker/Dealer, Professional Customer or Market Maker)."

- fee code RD is appended to Customer orders in ETF/Equity options[3] for greater than or equal to 100 contracts routed to NYSE American ("AMEX"), BOX Options Exchange ("BOX"), Nasdaq BX Options ("BX"), Cboe EDGX Exchange, Inc. ("EDGX"), ISE Mercury, LLC ("MERC"), MIAX Options Exchange ("MIAX") or Nasdaq PHLX LLC ("PHLX"), and assesses a charge of $0.33 per contract;
- fee code RE is appended to Customer orders in ETF/Equity options for less than 100 contracts routed to AMEX, BOX, BX, EDGX, MERC, MIAX or PHLX, and assesses a charge of $0.15 per contract;
- fee code RF is appended to Customer orders in ETF/Equity, Penny options for greater than or equal to 100 contracts routed to NYSE Arca, Inc ("ARCA"), Cboe BZX Exchange, Inc. ("BZX"), Cboe C2 Exchange, Inc. ("C2"), Nasdaq ISE ("ISE"), ISE Gemini, LLC ("GMNI"), MIAX Emerald Exchange ("EMLD"), MIAX Pearl Exchange ("PERL") or Nasdaq Options Market LLC ("NOMX), and assesses a charge of $0.83 per contract;
- fee code RG is appended to Customer orders in ETF/Equity, Non-Penny options for greater than or equal to 100 contracts routed to ARCA, BZX, C2, ISE, GMNI, EMLD, PERL or NOMX, and assesses a charge of $1.18 per contract;
- fee code RH is appended to Customer orders in ETF/Equity, Penny options for less than 100 contracts routed to ARCA, BZX, C2, ISE, GMNI, EMLD, PERL or NOMX, and assesses a charge of $0.65 per contract; and

[3] The Exchange also updates fee codes RD and RF to make clear that "equity" options are included in the description. The System currently applies the applicable routing fee codes (RD, RE, RF, RG and RH) to both ETF and equity options.

- fee code RI is appended to Customer order in ETF/Equity, Non-Penny options for less than 100 contracts routed to ARCA, BZX, C2, ISE, GMNI, EMLD, PERL or NOMX, and assesses a charge of $1.00 per contract.

The Exchange proposes to remove fee codes RE, RG and RH and amend fee codes RD, RF and RI by removing the 100-contract size limit from each and updating the fees assessed to $0.25 per contract, $0.75 per contract and $1.25 per contract, respectively. The Exchange believes that eliminating fee codes RE, RG and RH and the 100-contract contingency currently applicable to orders that yield fee codes RD, RF and RI will simplify and streamline the System's billing process for routed Customer orders in ETF and equity options. By removing the size contingency, orders to which RE, RG and RH are currently applicable may then be absorbed into orders to which RD, RF and RI are currently applicable and the routing fees for Customer orders in ETF and equity options may be billed as one of three fee codes, instead of six. For example, fee code RG would, prior to this proposal, be appended to Customer orders in ETF/Equity Non-Penny options for 100 contracts or more routed to ARCA, BZX, C2, ISE, GMNI, EMLD, PERL or NOMX. However, without the size contingency, RI will now be appended to all Customer orders in ETF/Equity Non-Penny options routed to the same away exchanges. Regarding the proposed rate changes for the remaining Customer ETF/Equity routing fee codes (RD, RF and RI), the Exchange notes that its current approach to routing fees is to set forth in a simple manner certain sub-categories of fees that approximate the cost of routing to other options exchanges based on the cost of transaction fees assessed by each venue as well as a flat $0.15 assessment that covers costs to the Exchange for routing (i.e., clearing fees, connectivity and other infrastructure costs, membership fees, etc.) (collectively, "Routing

Costs”). The Exchange then monitors the fees charged as compared to the costs of its routing services and adjusts its routing fees and/or sub-categories to ensure that the Exchange’s fees do indeed result in a rough approximation of overall Routing Costs, and are not significantly higher or lower in any area. As a result, the Exchange believes the proposed amended rates for RD, RF and RI are adjusted to reflect an appropriate, current approximation of the routing costs to the applicable sub-category group of away exchanges for ETF/Equity options of any order size, and these routing fee codes will absorb the orders to which RE, RG and RH are currently appended. The Exchange notes that routing through the Exchange is optional and that TPHs will continue to be able to choose where to route their Customer orders in ETF and equity options.

The Exchange also proposes to update routing fee codes RD and RF in the Routing Fees table of the Fees Schedule connection with routed Customer orders in SPY options to Nasdaq PHLX LLC (“PHLX”). As described above, routing fee code RD is appended to Customer orders in ETF/Equity options routed to AMEX, BOX, BX, EDGX, MERC, MIAX or PHLX and assesses a charge of $0.25 per contract (as proposed), and routing fee code RF is appended to Customer orders in ETF options in Penny classes routed to ARCA, BZX, C2, ISE, GMNI, EMLD, PERL, NOMX or PHLX and assesses a charge of $0.75 per contract (as proposed). Currently, PHLX assesses a charge of $0.42 per contract for Customer orders in SPY options that remove liquidity.[4] As described above, the Exchange currently assesses a routing fee of $0.33 per contract for Customer orders routed to PHLX which yield fee code RP. This structure does not currently take into account, and

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4 See Nasdaq Phlx Options 7 Pricing Schedule, Section 3 “Rebates and Fees for Adding and Removing Liquidity in SPY”, Part A.

approximately cover, the $0.42 per contract fee assessed by PHLX for Customer orders in SPY options. Therefore, in order to assess fees more in line with the Exchange's current approach to routing fees, that is, in a manner that approximates the cost of routing Customer orders in SPY options to PHLX, along with other away options exchanges, based on the general cost of transaction fees assessed by the sub-category of away options exchanges for such orders (as well as the Exchange's routing costs), the Exchange proposes to exclude Customer orders is SPY options routed to PHLX from orders that yield fee code RD and are assessed a charge of $0.25 per contract (as proposed) and, instead, add Customer orders routed to PHLX in SPY options only to orders that yield fee code RF[5] and are assessed a charge of $0.75 per contract (as proposed).

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

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5 The Exchange notes that SPY options are part of the Penny Program.

6 15 U.S.C. 78f(b).

7 15 U.S.C. 78f(b)(5).

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,[8] which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities.

The Exchange believes that the proposed rule change to remove fee codes RE, RG and RH and remove the size contingency for fee codes RD, RF and RI is reasonable in that it is reasonably designed to simplify and streamline the System's billing process for routed Customer orders in ETF and equity options. By removing the size contingency, orders to which fee codes RE, RG and RH are currently applicable may then be absorbed into the orders to which fee codes RD, RF and RI are applicable and the routing fees for Customer orders in ETF and equity options may be billed as one of three fee codes, instead of six. The Exchange also believes that it is reasonable to amend the rates that correspond to fee codes RD, RF and RI because the proposed rates are aligned with the Exchange's current approach to approximating the cost of routing to other options exchanges based on the cost of transaction fees assessed by each venue as well as the Exchange's routing costs. The Exchange believes the proposed amended rates for orders that yield fee codes RD, RF and RI are adjusted to reasonably reflect an appropriate, current approximation of the routing costs for ETF/Equity options of any order size to the sub-category group of away exchanges, and these routing fee codes will absorb the orders to which fee codes RE, RG and RH are currently appended. For example, routed Customer orders in ETF/Equity Non-Penny options that yield fee code RG (greater than or equal to 100 contracts) are currently

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[8] 15 U.S.C. 78f(b)(4).

assessed a routing fee of $1.18 per contract, while routed Customer orders in ETF/Equity Non-Penny options that yield fee code RH (less than 100 contracts) are currently assessed a routing fee of $1.00. However, upon the removal of fee code RG, those routed Customer orders in ETF/Equity Non-Penny options will yield fee code RH, which will assess a proposed fee of $1.25, which the Exchange believes is appropriately adjusted to reflect the current approximate cost of routing Customer orders in ETF/Equity Non-Penny options of all sizes to the same sub-category group of away exchanges. The Exchange notes that routing through the Exchange is optional and that TPHs will continue to be able to choose where to route their Customer orders in ETF and equity options in the same sub-category group of away exchanges as they currently may choose to route. The Exchange believes that the proposed rule change is equitable and not unfairly discriminatory because TPHs' routed Customer orders in ETF/Equity options will continue to be automatically and uniformly assessed the applicable routing charges.

The Exchange believes the proposed rule change to amend fee codes RD and RF to account for PHLX's current assessment of fees for Customer orders in SPY options is reasonable because it is reasonably designed to assess routing fees in line with the Exchange's current approach to routing fees. That is, the proposed rule change is intended to include Customer orders in SPY options routed to PHLX in the most appropriate sub-category of fees that approximates the cost of routing to a group of away options exchanges (including PHLX) based on the cost of transaction fees assessed by each venue as well as Routing Costs to the Exchange. The Exchange believes that the proposed rule change is equitable and not unfairly discriminatory because all TPHs' Customer orders in SPY routed to PHLX will automatically yield fee code RQ and uniformly be assessed the corresponding fee.

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 does not believe the proposed rule change to remove certain routing fee codes and to update other routing fee codes accordingly to apply instead, will impose any burden on intramarket competition because all TPHs' routed Customer orders in ETF/Equity options will continue to be able to route to the same sub-category group of away exchanges and will automatically and uniformly be assessed the applicable routing fees. Likewise, all TPH's Customer orders in SPY options routed to PHLX will automatically yield fee code RF and uniformly be assessed the corresponding fee.

The Exchange does not believe that the proposed rule changes in connection with routing fees will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because, as previously discussed, the Exchange operates in a highly competitive market. The Exchange notes that other options exchanges approximate routing costs in a similar manner as the Exchange's current approach.[9] Also, the Exchange notes that, in addition to Cboe Options, TPHs have numerous alternative venues that they may participate on and director 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 16% of the market share of executed volume of options

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[9] See supra note 2.

trades.[10] 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."[11] 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 dealers'….".[12] 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.

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10 See supra note 1.

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

12 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)).

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

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

Item 6. Extension of Time Period for Commission Action

Not applicable.

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

(a) The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act[13] and Rule 19b-4(f)(2)[14] thereunder.

(b) The Exchange designates that the proposed rule change establishes or changes a due, fee, or other charge imposed by the Exchange, which renders the proposed rule change effective upon filing with the Securities and Exchange Commission (the "Commission"). At any time within 60 days of the filing of this proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

(c) Not applicable.

(d) Not applicable.

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

[14] 17 CFR 240.19b-4(f)(2).

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-2020-114]

[Insert date]

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

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

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") proposes to amend its Fees Schedule. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is 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

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

2 17 CFR 240.19b-4.

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

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

1. Purpose

The Exchange proposes to the Exchange also proposes to amend certain routing fees in connection with routed Customer orders in ETF and equity options, effective December 1, 2020.

The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange is only one of 16 options venues to which market participants may direct their order flow. Based on publicly available information, no single options exchange has more than 16% of the market share.[3] Thus, in such a low-concentrated and highly competitive market, no single options exchange possesses significant pricing power in the execution of option order flow. The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow or discontinue to reduce use of certain categories of products in response to fee changes. Accordingly, competitive forces constrain the Exchange's transaction fees, and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable. In response

3 See Cboe Global Markets U.S. Options Monthly Market Volume Summary (November 23, 2020), available at https://markets.cboe.com/us/options/market_statistics/.

to competitive pricing, the Exchange, like other options exchanges, offers rebates and assesses fees for certain order types executed on or routed through the Exchange. The Exchange notes too that other options exchanges currently approximate routing fees in a similar manner as the Exchange's current approach to assessing approximate routing fees, as discussed below.[4]

The Exchange assesses fees in connection with orders routed away to various exchanges. Currently, under the Routing Fees table of the Fee Schedule, fee codes RD, RE, RF, RG, RH and RI are appended to certain Customer orders in ETF and Equity options, as follows:

- fee code RD is appended to Customer orders in ETF/Equity options[5] for greater than or equal to 100 contracts routed to NYSE American ("AMEX"), BOX Options Exchange ("BOX"), Nasdaq BX Options ("BX"), Cboe EDGX Exchange, Inc. ("EDGX"), ISE Mercury, LLC ("MERC"), MIAX Options Exchange ("MIAX") or Nasdaq PHLX LLC ("PHLX"), and assesses a charge of $0.33 per contract;

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4 See e.g., NYSE Arca Options Fees and Charges, "Routing Fees", which provides routing fees of "$0.11 per contract on orders routed and executed on another exchange, plus (i) any transaction fees assessed by the away exchange (calculated on an order-by-order basis since different away exchanges charge different amounts) or (ii) if the actual transaction fees assessed by the away exchange(s) cannot be determined prior to the execution, the highest per contract charge assessed by the away exchange(s) for the relevant option class and type of market participant (e.g., Customer, Firm, Broker/Dealer, Professional Customer or Market Maker)."

5 The Exchange also updates fee codes RD and RF to make clear that "equity" options are included in the description. The System currently applies the applicable routing fee codes (RD, RE, RF, RG and RH) to both ETF and equity options.

- fee code RE is appended to Customer orders in ETF/Equity options for less than 100 contracts routed to AMEX, BOX, BX, EDGX, MERC, MIAX or PHLX, and assesses a charge of $0.15 per contract;
- fee code RF is appended to Customer orders in ETF/Equity, Penny options for greater than or equal to 100 contracts routed to NYSE Arca, Inc ("ARCA"), Cboe BZX Exchange, Inc. ("BZX"), Cboe C2 Exchange, Inc. ("C2"), Nasdaq ISE ("ISE"), ISE Gemini, LLC ("GMNI"), MIAX Emerald Exchange ("EMLD"), MIAX Pearl Exchange ("PERL") or Nasdaq Options Market LLC ("NOMX), and assesses a charge of $0.83 per contract;
- fee code RG is appended to Customer orders in ETF/Equity, Non-Penny options for greater than or equal to 100 contracts routed to ARCA, BZX, C2, ISE, GMNI, EMLD, PERL or NOMX, and assesses a charge of $1.18 per contract;
- fee code RH is appended to Customer orders in ETF/Equity, Penny options for less than 100 contracts routed to ARCA, BZX, C2, ISE, GMNI, EMLD, PERL or NOMX, and assesses a charge of $0.65 per contract; and
- fee code RI is appended to Customer order in ETF/Equity, Non-Penny options for less than 100 contracts routed to ARCA, BZX, C2, ISE, GMNI, EMLD, PERL or NOMX, and assesses a charge of $1.00 per contract.

The Exchange proposes to remove fee codes RE, RG and RH and amend fee codes RD, RF and RI by removing the 100-contract size limit from each and updating the fees assessed to $0.25 per contract, $0.75 per contract and $1.25 per contract, respectively. The Exchange believes that eliminating fee codes RE, RG and RH and the 100-contract contingency currently applicable to orders that yield fee codes RD, RF and RI will simplify and streamline the System's billing process for routed Customer orders in ETF and equity options. By removing the size contingency, orders to which RE, RG and RH are currently applicable may then be absorbed into orders to which RD, RF and RI are currently applicable and the routing fees for Customer orders in ETF and equity options may be billed as one of three fee codes, instead of six. For example, fee code RG would, prior to this proposal, be appended to Customer orders in ETF/Equity Non-Penny options for 100 contracts or more routed to ARCA, BZX, C2, ISE, GMNI, EMLD, PERL or NOMX. However, without the size contingency, RI will now be appended to all Customer orders in ETF/Equity Non-Penny options routed to the same away exchanges. Regarding the proposed rate changes for the remaining Customer ETF/Equity routing fee codes (RD, RF and RI), the Exchange notes that its current approach to routing fees is to set forth in a simple manner certain sub-categories of fees that approximate the cost of routing to other options exchanges based on the cost of transaction fees assessed by each venue as well as a flat $0.15 assessment that covers costs to the Exchange for routing (i.e., clearing fees, connectivity and other infrastructure costs, membership fees, etc.) (collectively, "Routing Costs"). The Exchange then monitors the fees charged as compared to the costs of its routing services and adjusts its routing fees and/or sub-categories to ensure that the Exchange's fees do indeed result in a rough approximation of overall Routing Costs, and are not significantly higher or lower in any area. As a result, the Exchange believes the proposed amended rates for RD, RF and RI are adjusted to reflect an appropriate, current approximation of the routing costs to the applicable sub-category group of away exchanges for ETF/Equity options of any order size, and these routing fee codes will absorb the orders to which RE, RG and RH are currently appended.

The Exchange notes that routing through the Exchange is optional and that TPHs will continue to be able to choose where to route their Customer orders in ETF and equity options.

The Exchange also proposes to update routing fee codes RD and RF in the Routing Fees table of the Fees Schedule connection with routed Customer orders in SPY options to Nasdaq PHLX LLC ("PHLX"). As described above, routing fee code RD is appended to Customer orders in ETF/Equity options routed to AMEX, BOX, BX, EDGX, MERC, MIAX or PHLX and assesses a charge of $0.25 per contract (as proposed), and routing fee code RF is appended to Customer orders in ETF options in Penny classes routed to ARCA, BZX, C2, ISE, GMNI, EMLD, PERL, NOMX or PHLX and assesses a charge of $0.75 per contract (as proposed). Currently, PHLX assesses a charge of $0.42 per contract for Customer orders in SPY options that remove liquidity.[6] As described above, the Exchange currently assesses a routing fee of $0.33 per contract for Customer orders routed to PHLX which yield fee code RP. This structure does not currently take into account, and approximately cover, the $0.42 per contract fee assessed by PHLX for Customer orders in SPY options. Therefore, in order to assess fees more in line with the Exchange's current approach to routing fees, that is, in a manner that approximates the cost of routing Customer orders in SPY options to PHLX, along with other away options exchanges, based on the general cost of transaction fees assessed by the sub-category of away options exchanges for such orders (as well as the Exchange's routing costs), the Exchange proposes to exclude Customer orders is SPY options routed to PHLX from orders that yield fee code RD and are assessed a charge of $0.25 per contract (as

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6 See Nasdaq Phlx Options 7 Pricing Schedule, Section 3 "Rebates and Fees for Adding and Removing Liquidity in SPY", Part A.

proposed) and, instead, add Customer orders routed to PHLX in SPY options only to orders that yield fee code RF[7] and are assessed a charge of $0.75 per contract (as proposed).

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 Section 6(b)(4) of the Act,[10] which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities.

The Exchange believes that the proposed rule change to remove fee codes RE, RG and RH and remove the size contingency for fee codes RD, RF and RI is reasonable in

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7 The Exchange notes that SPY options are part of the Penny Program.

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

9 15 U.S.C. 78f(b)(5).

10 15 U.S.C. 78f(b)(4).

that it is reasonably designed to simplify and streamline the System's billing process for routed Customer orders in ETF and equity options. By removing the size contingency, orders to which fee codes RE, RG and RH are currently applicable may then be absorbed into the orders to which fee codes RD, RF and RI are applicable and the routing fees for Customer orders in ETF and equity options may be billed as one of three fee codes, instead of six. The Exchange also believes that it is reasonable to amend the rates that correspond to fee codes RD, RF and RI because the proposed rates are aligned with the Exchange's current approach to approximating the cost of routing to other options exchanges based on the cost of transaction fees assessed by each venue as well as the Exchange's Routing Cost. The Exchange believes the proposed amended rates for orders that yield fee codes RD, RF and RI are adjusted to reasonably reflect an appropriate, current approximation of the routing costs for ETF/Equity options of any order size to the sub-category group of away exchanges, and these routing fee codes will absorb the orders to which fee codes RE, RG and RH are currently appended. For example, routed Customer orders in ETF/Equity Non-Penny options that yield fee code RG (greater than or equal to 100 contracts) are currently assessed a routing fee of $1.18 per contract, while routed Customer orders in ETF/Equity Non-Penny options that yield fee code RH (less than 100 contracts) are currently assessed a routing fee of $1.00. However, upon the removal of fee code RG, those routed Customer orders in ETF/Equity Non-Penny options will yield fee code RH, which will assess a proposed fee of $1.25, which the Exchange believes is appropriately adjusted to reflect the current approximate cost of routing Customer orders in ETF/Equity Non-Penny options of all sizes to the same sub-category group of away exchanges. The Exchange notes that routing through the Exchange is optional and that TPHs will continue to be able to choose where to route their Customer orders in ETF and equity options in the same sub-category group of away exchanges as they currently may choose to route. The Exchange believes that the proposed rule change is equitable and not unfairly discriminatory because TPHs' routed Customer orders in ETF/Equity options will continue to be automatically and uniformly assessed the applicable routing charges.

The Exchange believes the proposed rule change to amend fee codes RD and RF to account for PHLX's current assessment of fees for Customer orders in SPY options is reasonable because it is reasonably designed to assess routing fees in line with the Exchange's current approach to routing fees. That is, the proposed rule change is intended to include Customer orders in SPY options routed to PHLX in the most appropriate sub-category of fees that approximates the cost of routing to a group of away options exchanges (including PHLX) based on the cost of transaction fees assessed by each venue as well as Routing Costs to the Exchange. The Exchange believes that the proposed rule change is equitable and not unfairly discriminatory because all TPHs' Customer orders in SPY routed to PHLX will automatically yield fee code RQ and uniformly be assessed the corresponding fee.

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 does not believe the proposed rule change to remove certain routing fee codes and to update other routing fee codes accordingly to apply instead, will impose any burden on intramarket competition because all TPHs' routed Customer orders in ETF/Equity options will continue to be able to route to the same sub-category group of away exchanges and will automatically and uniformly be assessed the applicable routing fees. Likewise, all TPH's Customer orders in SPY options routed to PHLX will automatically yield fee code RF and uniformly be assessed the corresponding fee.

The Exchange does not believe that the proposed rule changes in connection with routing fees will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because, as previously discussed, the Exchange operates in a highly competitive market. The Exchange notes that other options exchanges approximate routing costs in a similar manner as the Exchange's current approach.[11] Also, the Exchange notes that, in addition to Cboe Options, TPHs have numerous alternative venues that they may participate on and director 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 16% 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

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11 See supra note 4.

12 See supra note 3.

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 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.

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 Act[15] and paragraph (f) of Rule 19b-4[16] thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily

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

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).

suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CBOE-2020-114 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-2020-114. 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-2020-114 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.[17]

Secretary

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

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Routing Fees (12)			
Capacity	**Transaction Fee Per Contract**	**Description**	**Notes**
Customer	{RD} $0.[33]25	Routed to AMEX, BOX, BX, EDGX, MERC, MIAX, PHLX (excluding SPY), [≥ 100 contracts,] ETF, Equity	Multiple orders from the same executing firm for itself or for a CMTA or correspondent firm in the same series on the same side of the market that are received within 500 milliseconds will be aggregated for purposes of determining the order quantity. Cboe Options will not pass through or otherwise charge customer orders (of any size) routed to other exchanges that were originally transmitted to the Exchange from the trading floor through an Exchange-sponsored terminal (e.g. a PULSe Workstation).
	[{RE} $0.15]	[Routed to AMEX, BOX, BX, EDGX, MERC, MIAX, PHLX, < 100 contracts ETF, Equity]	
	{RF} $0.[83]75	Routed to ARCA, BZX, C2, ISE, GMNI, EMLD, PERL, NOMX, PHLX (SPY only) [≥ 100 contracts], ETF, Equity, Penny	
	[{RG} $1.18]	[Routed to ARCA, BZX, C2, ISE, GMNI, EMLD, PERL, NOMX, ≥ 100 contracts ETF, Non-Penny]	
	[{RH} $0.65]	[Routed to ARCA, BZX, C2, ISE, GMNI, EMLD, PERL, NOMX, <100 contracts ETF, Equity, Penny]	
	{RI} $1.[00]25	Routed to ARCA, BZX, C2, ISE, GMNI, EMLD, PERL, NOMX, [<100 contracts] ETF, Equity, Non-Penny	
	{RS} $0.48	Routed, Index	
	{TD} $0.18	Routed to AMEX, BOX, BX, EDGX, MERC, MIAX, PHLX, ≥ 100 contracts, ETF, originating on Exchange-sponsored terminal	
	{TE} $0.00	Routed to AMEX, BOX, BX, EDGX, MERC, MIAX, PHLX, < 100 contracts ETF, Equity, originating on Exchange-sponsored terminal	
	{TF} $0.18	Routed to ARCA, BZX, C2, ISE, GMNI, EMLD, PERL, NOMX, ≥ 100 contracts ETF, Penny, originating on Exchange-sponsored terminal	
	{TG} $0.18	Routed to ARCA, BZX, C2, ISE, GMNI, EMLD, PERL, NOMX, ≥ 100 contracts ETF, Non-Penny, originating on Exchange-sponsored terminal	
	{TH} $0.00	Routed to ARCA, BZX, C2, ISE, GMNI, EMLD, PERL, NOMX, <100 contracts ETF, Equity, Penny, originating on Exchange-sponsored terminal	
	{TI} $0.00	Routed to ARCA, BZX, C2, ISE, GMNI, EMLD, PERL, NOMX, <100 contracts ETF, Equity, Non-Penny, originating on Exchange-sponsored terminal	
	{TS} $0.18	Routed, Index, originating on Exchange-sponsored terminal	
	{TX} $0.04	Routed, XSP, originating on Exchange-sponsored terminal ≥ 10 contracts	
	{TY} $0.00	Routed, XSP, originating on Exchange-sponsored terminal, < 10 contracts	
	{RX} $0.69	Routed, XSP, ≥ 10 contracts	
	{RY} $0.65	Routed, XSP, < 10 contracts	
Non-Customer	{RJ} $1.17	Routed, Penny	
	{RK} $1.45	Routed, Non-Penny	

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