

OMB APPROVAL

OMB Number: 3235-0045
 Estimated average burden
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Page 1 of * 32	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2020 - * 116 Amendment No. (req. for Amendments *)
Filing by Cboe Exchange, Inc. Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934		
Initial * <input checked="" type="checkbox"/> Amendment * <input type="checkbox"/> Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/> Section 19(b)(3)(A) * <input type="checkbox"/> Section 19(b)(3)(B) * <input type="checkbox"/>	Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input type="checkbox"/> 19b-4(f)(6)
Pilot <input type="checkbox"/> Extension of Time Period for Commission Action * <input type="checkbox"/> Date Expires *	Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/> Section 806(e)(2) * <input type="checkbox"/> Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>	
Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>	
Description Provide a brief description of the action (limit 250 characters, required when Initial is checked *). <div style="border: 1px solid black; padding: 5px; min-height: 40px;"> The Exchange proposes to add options on the Mini-Russell 2000 Index ("Mini-RUT" or "MRUT") to its P.M. Pilot Program. </div>		
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. <div style="text-align: right;">(Title *)</div> <div style="display: flex; justify-content: space-between;"> <div> Date 12/18/2020 By Laura G. Dickman (Name *) </div> <div style="border: 1px solid black; padding: 5px; width: 60%;"> VP, Associate General Counsel <div style="text-align: center; background-color: #cccccc; padding: 5px; margin-top: 10px;"> Idickman@cboe.com </div> </div> </div>		
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

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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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 add options on the Mini-Russell 2000 Index (“Mini-RUT” or “MRUT”) to its P.M. Pilot Program. 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 20, 2020.

(b) Please refer questions and comments on the proposed rule change to Pat Sexton, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-7467, or Rebecca Tenuta, (312) 786-7068, Cboe Exchange, Inc., 400 South LaSalle, Chicago, Illinois 60605.

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

(a) Purpose

The purpose of this proposed rule change is to amend the Exchange’s pilot program for P.M.-settled options on standard third-Friday-of-the-month (“Expiration Friday”) in connection with the Exchange’s plans to list and trade MRUT options.¹

¹ The Exchange plans to, simultaneously with this proposal, submit a proposal to list and trade Mini-RUT options on the Exchange. The Exchange plans to list Mini-RUT options as part of the Nonstandard Expiration Pilot Program and as a Quarterly Index Expiration (“QIX”) option. The Exchange intends to list and trade Mini-RUT options at the end of January 2021. The Exchange notes that trading in P.M.-settled MRUT options will operate in the same manner as provided in the proposal to list and trade Mini-RUT options on the Exchange. That is, P.M.-settled MRUT options will have the same European-style exercise, same number of permissible expirations, same exercise interval prices and

MRUT options are options on the Mini-RUT Index, the value of which is 1/10th the value of the Russell 2000 (“RUT”) Index. Currently, the Exchange has in place a pilot program under Interpretation and Policy .13 to Rule 4.13 that allows the Exchange to list Mini-SPX (“XSP”) options² that expire on Expiration Friday, for which the exercise settlement value is based on the index value derived from the closing prices of the component (i.e., P.M.-settled) (the “P.M. Pilot Program”).³ The Exchange proposes to add Mini-RUT options to the existing P.M. Pilot Program and to permit it to list P.M.-settled Mini-RUT options, for which the exercise settlement value will be based on the index value derived from the closing prices of the on the last trading day prior to expiration, on a pilot basis (currently set to expire on May 3, 2021).⁴ The Exchange notes that, like proposed MRUT options, XSP options are reduced-value options (1/10th) compared to SPX options that offer individual investors lower cost options to obtain the potential benefits of options on a broad-based index (the S&P 500 Index), and are likewise designed to provide options overlying the higher-valued SPX Index more readily available as an investing tool and at more affordable prices for the average retail investor. Therefore, the Exchange believes that because both mini-index options are intended for the same investor-base, providing the same P.M.-settlement opportunities for both XSP and MRUT options is appropriate.

limitations, same position and exercise limits, and will trade in the same minimum price increment.

² As well as SPX options (“SPXPM”).

³ See Interpretation and Policy .13 to Rule 4.13.

⁴ The proposed rule change also makes a nonsubstantive update to Interpretation and Policy .13 to Rule 4.13 by adding a reference to the defined term “SPX” after S&P 500 Stock Index and using that defined term within the provision in order to provide greater clarity and consistency with the language throughout Interpretation and Policy .13 to Rule 4.13.

The Exchange believes permitting the trading of MRUT options on a P.M.-settled basis will encourage greater trading in MRUT options once listed and traded on the Exchange.⁵

The Exchange proposes to abide by the same reporting requirements for the trading of P.M.-settled MRUT options that it does for the trading of P.M.-settled XSP options.⁶ The Exchange proposes to include data regarding P.M.-settled MRUT options as it does for P.M.-settled XSP options in the pilot program report that it submits to the Commission at least two months prior to the expiration date of the P.M. Pilot Program (the “annual report”).⁷ Specifically, the Exchange submits annual reports to the Commission that contain an analysis of volume, open interest, and trading patterns in connection with products in the P.M. Pilot Program. The analysis examines trading in products in the P.M. Pilot Program, as well as trading in the securities that comprise the underlying index. Additionally, for series that exceed certain minimum open interest parameters, the annual reports provide analysis of index price volatility and share trading activity.

Going forward, the Exchange will include the same analysis of P.M.-settled MRUT options, as well as trading in securities that comprise the RUT Index (as MRUT options are based on 1/10th the value of the RUT Index), in the annual reports. Also, like it currently does for P.M.-settled XSP options, the Exchange will submit periodic interim

⁵ See supra note 1.

⁶ See Securities Exchange Act Release No. 70087 (July 31, 2013), 78 FR 47809 (August 6, 2013) (SR-CBOE-2013-055) (the “P.M.-settled XSP Approval Order”). The reporting requirements are also the same for SPXPM. See Securities and Exchange Act Release No. 68888 (February 8, 2013), 78 FR 10668 (February 14, 2013) (SR-CBOE-2012-120) (the “SPXPM Approval Order”).

⁷ See P.M.-settled XSP Approval Order.

reports for P.M.-settled MRUT options that contain some, but not all, of the information contained in the annual reports.

The pilot reports will both contain the following volume and open interest data:

- (1) monthly volume aggregated for all trades;
- (2) monthly volume aggregated by expiration date;
- (3) monthly volume for each individual series;
- (4) month-end open interest aggregated for all series;
- (5) month-end open interest for all series aggregated by expiration date; and
- (6) month-end open interest for each individual series.

The annual reports will also contain the information noted in Items (1) through (6) above for Expiration Friday, A.M.-settled, RUT index options traded on Cboe Options, as well as the following analysis of trading patterns in P.M.-settled MRUT options series in the Pilot Program:

- (1) a time series analysis of open interest; and
- (2) an analysis of the distribution of trade sizes.

Finally, for series that exceed certain minimum parameters, the annual reports will contain the following analysis related to index price changes and underlying share trading volume at the close on Expiration Fridays:

(1) a comparison of index price changes at the close of trading on a given Expiration Friday with comparable price changes from a control sample. The data includes a calculation of percentage price changes for various time intervals and compare that information to the respective control sample. Raw percentage price change data as

well as percentage price change data normalized for prevailing market volatility, as measured by the Cboe Volatility Index (VIX), is provided; and

(2) a calculation of share volume for a sample set of the component securities representing an upper limit on share trading that could be attributable to expiring in-the-money series. The data includes a comparison of the calculated share volume for securities in the sample set to the average daily trading volumes of those securities over a sample period.

The minimum open interest parameters, control sample, time intervals, method for randomly selecting the component securities, and sample periods are determined by the Exchange and the Commission. In proposing to add MRUT options to the P.M. Pilot Program, the Exchange will abide by the reporting requirements described herein, the same reporting requirements described in the P.M.-settled XSP Approval Order.⁸ Additionally, the Exchange will provide the Commission with any additional data or analyses the Commission requests because it deems such data or analyses necessary to determine whether the P.M. Pilot Program, including P.M.-settled MRUT options as proposed, is consistent with the Exchange Act. As it does for current P.M. Pilot products, the Exchange will make public any data and analyses in connection with P.M.-settled MRUT options it submits to the Commission under the Pilot Program.⁹

Overall, the Exchange believes that permitting the trading of MRUT options on a P.M.-settled basis will encourage greater trading in MRUT options. The Exchange anticipates high customer demand for P.M.-settled MRUT options as they will provide

⁸ See also SPXPM Approval Order.

⁹ P.M. Pilot products data and analyses are made available at <https://www.cboe.com/aboutcboe/legal-regulatory/national-market-system-plans/pm-settlement-spxpm-data>.

market participants, particularly smaller-sized investors and retail customers, an opportunity to benefit from exposure to the broad-based RUT Index market with a manageably sized contract that has the flexibility of a P.M.-settlement.

Additionally, the Exchange proposes to amend Rule 5.1, which governs trading days and hours, in conjunction with the proposed addition of MRUT options to the P.M.-settled Pilot Program. Rule 5.1(b)(2)(C) currently provides that on their last trading day, Regular Trading Hours for P.M.-settled XSP options¹⁰ may be effected on the Exchange between 9:30 a.m. and 4:00 p.m. Eastern Time¹¹ (as opposed to the 9:30 a.m. to 4:15 p.m. Regular Trading Hours for options with those expirations that are non-expiring). The proposed rule change amends Rule 5.1(b)(2)(C) to include P.M.-settled MRUT options. The Exchange expects that MRUT options, like SPX, XSP and RUT options (with Nonstandard Expirations, i.e., P.M.-settled Weekly and End of Month (“EOM”) RUT options)¹², will typically be priced in the market based on corresponding futures values. The primary listing markets for the component securities that comprise the RUT Index (and thus, Mini-RUT Index) close trading in those securities at 4:00 p.m., just as the primary listing markets for the component securities that comprise the SPX Index (on which SPX and XSP options are based) close trading at 4:00 p.m. The primary listing exchanges for the component securities disseminate closing prices for the component securities, which are used to calculate the exercise settlement value of the RUT Index. The Exchange believes that, under normal trading circumstances, the primary listing

¹⁰ This same rule will apply to MRUT options with Nonstandard Expirations and QIXs, as proposed in the rule filing to list and trade MRUT options.

¹¹ See Rule 1.6, which states that unless otherwise specified, all times in the Rules are Eastern Time.

¹² See Rule 4.13(e).

markets have sufficient bandwidth to prevent any data queuing that may cause any trades that are executed prior to the closing time from being reported after 4:00 p.m. If trading in expiring P.M.-settled MRUT options continued an additional fifteen minutes until 4:15 p.m. on their last trading day, expiring MRUT options could not be priced on corresponding futures values, but rather would have to be priced on the known cash value. At the same time, the prices of non-expiring P.M.-settled MRUT options series would continue to move and likely be priced in response to changes in corresponding futures prices. As a result, a potential pricing divergence could occur between 4:00 p.m. and 4:15 p.m. on the final trading day in expiring P.M.-settled MRUT options (e.g., a switch from pricing off of futures to cash). The Exchange understands that the switch from pricing off of futures to cash can be a difficult and risky crossover for liquidity providers. As a result, if expiring P.M.-settled contracts closed at 4:15 p.m., Market-Makers may react by widening spreads in order to compensate for the additional risk. Therefore, in order to mitigate potential investor confusion and the potential for increased costs to investors, the Exchange believes that it is appropriate to cease trading in the expiring P.M.-settled MRUT options at 4:00 p.m., as it already does for expiring P.M.-settled XSP options and RUT options with Nonstandard Expirations for the same aforementioned reasons.¹³ The Exchange does not believe that the proposed rule change will impact volatility on the underlying cash market comprising the RUT Index at the close on Expiration Fridays, as it already closes trading on the last trading day for expiring P.M.-settled options at 4:00 p.m. (such as P.M.-settled XSP options and P.M.-settled Weekly and EOM RUT options), which the Exchange does not believe has had an

¹³ See Securities Exchange Act Release No. 69638 (May 24, 2013), 78 FR 32524 (May 30, 2013) (SR-CBOE-2013-055); and P.M.-settled XSP Approval Order.

adverse impact on fair and orderly markets on Expiration Fridays for the underlying stocks comprising the corresponding indexes.¹⁴

With regard to the impact of this proposal on system capacity, the Exchange has analyzed its capacity and represents that it believes that the Exchange and OPRA have the necessary systems capacity to handle any potential additional traffic associated with trading of P.M.-settled MRUT options. The Exchange does not believe that its Trading Permit Holders (“TPHs”) will experience any capacity issues as a result of this proposal and represents that it will monitor the trading volume associated with any possible additional options series listed as a result of this proposal and the effect (if any) of these additional series on market fragmentation and on the capacity of the Exchange's automated systems.

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.¹⁵ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁶ 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

¹⁴ See Securities Exchange Act Release No. 90263 (October 23, 2020), 85 FR 68611 (October 29, 2020) (SR-CBOE-2020-100).

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(5).

securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁷ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange does not believe that the addition of MRUT options to the P.M. Pilot Program will raise any prohibitive regulatory concerns, nor adversely impact fair and orderly markets on Expiration Fridays for the underlying stocks comprising the RUT Index. The Exchange has not experienced any meaningful regulatory concerns, nor adverse impact on fair and orderly markets, in connection with the P.M. Pilot Program that has permitted trading of P.M.-settled XSP since 2013, which have a similar purpose and likely similar investor base as MRUT options.¹⁸ Additionally, the proposed rule change will provide investors with an opportunity to trade MRUT options with a P.M.-settlement feature on the Exchange subject to transparent exchange-based rules as well as price discovery and liquidity, as opposed to alternatively trading these products in the over-the-counter market. Investors will benefit from the opportunity to trade in association with this product on Expiration Fridays. Indeed, market participants, particularly smaller-sized investors and retail customers, will benefit from exposure to the broad-based RUT Index market with a manageably sized contract that has

¹⁷ Id.

¹⁸ Trading in SPXPM has been permitted since 2013, as well. The Exchange notes too that for roughly five years (1987 to 1992) it listed and traded an A.M.-settled S&P 500 index option (called NSX) at the same time it listed and traded a P.M.-settled S&P 500 index option (called SPX) and did not observe any market disruptions as a result of offering both products.

the flexibility of a PM-settlement, thereby removing impediments to a free and open market consistent with the Act.

In addition, the Exchange believes that the proposal to end trading at 4:00 p.m. on the last trading day for transactions in expiring P.M.-settled MRUT options will prevent continued trading on a product after the exercise settlement value has been fixed, thereby mitigating potential investor confusion and the potential for increased costs to investors as a result of potential pricing divergence at the end of the trading day. Given the significant changes in the closing procedures of the primary markets in recent decades, the Exchange does not believe that the proposed P.M.-settled MRUT options and 4:00 p.m. closing time on Expiration Fridays will adversely impact the maintenance of a fair and orderly market or the protection of investors because the risks of potential impact of P.M.-, cash-settled index derivatives on the underlying cash markets are greatly reduced today by the enhanced closing procedures currently in place at the primary equity markets. The Exchange notes also that it will include analysis in connection with P.M.-settled MRUT options, in the same manner that it currently does for other P.M.-settled options, in the pilot reports it submits to the Commission, and will provide the Commission with any additional data or analyses the it may request because it deems such data or analyses necessary to determine whether the Pilot Program, including P.M.-settled MRUT options as proposed, is consistent with the Exchange Act. The Exchange represents that it believes that it has the necessary systems capacity to support any additional traffic associated with trading of P.M.-settled MRUT and does not believe that its TPHs will experience any capacity issues as a result of this proposal. The Exchange will monitor the trading volume associated with any possible additional options series

listed and the effect (if any) of these additional series on market fragmentation and on the capacity of the Exchange's automated systems.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because P.M.-settled MRUT options will be available to all market participants and the proposed 4:00 p.m. closing time on Expiration Fridays will apply equally to all market participants trading in MRUT options.

The Exchange does not believe that the proposal to list and trade options on the Mini-RUT Index, and the proposed rules governing the trading of MRUT options on the Exchange, will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because options on the RUT Index, including reduced-value options as proposed, are proprietary Exchange products. To the extent that the advent of P.M.-settled MRUT options trading on the Exchange may make the Exchange a more attractive marketplace to market participants at other exchanges, such market participants are free to elect to become market participants on the Exchange. As stated above, the listing and trading of P.M.-settled MRUT options on the Exchange will subject such options to transparent exchange-based rules as well as price discovery and liquidity, as opposed to alternatively trading these products in the over-the-counter market.

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) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) The proposed rule change is filed for accelerated effectiveness pursuant to Section 19(b)(2) of the Act. The Exchange requests that the Commission approve the proposed rule change on an accelerated basis pursuant to Section 19(b)(2) of the Act so that it may be operative as soon as practicable. The Exchange believes that approval of the proposed rule change on an accelerated basis is appropriate because the Exchange does not believe that the addition of MRUT options to the P.M. Pilot Program raises any prohibitive regulatory concerns, nor that it will adversely impact fair and orderly markets on Expiration Fridays for the underlying stocks comprising the RUT Index. The Exchange has not experienced any meaningful regulatory concerns, nor adverse impact on fair and orderly markets, in connection with the P.M. Pilot Program that has permitted the trading of P.M.-settled XSP options since 2013,¹⁹ which have a similar purpose and

¹⁹ See supra note 18.

likely similar investor base as MRUT options. The Exchange further believes that the proposal will serve in the interests of investors and the public interest as it will provide them with an opportunity to trade MRUT options with a P.M.-settlement feature on the Exchange subject to transparent exchange-based rules as well as price discovery and liquidity, as opposed to alternatively trading these products in the over-the-counter market. The Exchange believes that accelerated approval of the proposed rule change would provide investors with the benefits of exposure to the broad-based RUT Index market with a manageably sized contract that has the flexibility of a PM-settlement in time with the Exchange's intended launch of MRUT options on the Exchange at the end of January 2021.²⁰ Likewise, the Exchange believes that accelerated approval of the proposed rule change will serve in the interest of investors and the public interest because it will prevent continued trading on expiring P.M.-settled MRUT options, as proposed, after the exercise settlement value has been fixed, thereby mitigating potential investor confusion and the potential for increased costs to investors as a result of potential pricing divergence at the end of the trading day. Overall, the Exchange believes that accelerated approval is appropriate because the risks of potential impact of P.M.-, cash-settled index derivatives on the underlying cash markets are greatly reduced today by the enhanced closing procedures currently in place at the primary equity markets. The Exchange will include analysis in connection with P.M.-settled MRUT options in the pilot reports it submits to the Commission, as it currently does for P.M.-settled XSP options. For these reasons, the Exchange believes it is appropriate for the Commission to approve the proposed rule change on an accelerated basis.

²⁰ See also supra note 1.

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-2020-116]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of a Proposed Rule Change Relating to Add Options on the Mini-Russell 2000 Index (“Mini-RUT” or “MRUT”) to its P.M. Pilot Program

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 add options on the Mini-Russell 2000 Index (“Mini-RUT” or “MRUT”) to its P.M. Pilot Program. 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 purpose of this proposed rule change is to amend the Exchange's pilot program for P.M.-settled options on standard third-Friday-of-the-month ("Expiration Friday") in connection with the Exchange's plans to list and trade MRUT options.³ MRUT options are options on the Mini-RUT Index, the value of which is 1/10th the value of the Russell 2000 ("RUT") Index. Currently, the Exchange has in place a pilot program under Interpretation and Policy .13 to Rule 4.13 that allows the Exchange to list Mini-SPX ("XSP") options⁴ that expire on Expiration Friday, for which the exercise settlement value is based on the index value derived from the closing prices of the component (i.e.,

³ The Exchange plans to, simultaneously with this proposal, submit a proposal to list and trade Mini-RUT options on the Exchange. The Exchange plans to list Mini-RUT options as part of the Nonstandard Expiration Pilot Program and as a Quarterly Index Expiration ("QIX") option. The Exchange intends to list and trade Mini-RUT options at the end of January 2021. The Exchange notes that trading in P.M.-settled MRUT options will operate in the same manner as provided in the proposal to list and trade Mini-RUT options on the Exchange. That is, P.M.-settled MRUT options will have the same European-style exercise, same number of permissible expirations, same exercise interval prices and limitations, same position and exercise limits, and will trade in the same minimum price increment.

⁴ As well as SPX options ("SPXPM").

P.M.-settled) (the “P.M. Pilot Program”).⁵ The Exchange proposes to add Mini-RUT options to the existing P.M. Pilot Program and to permit it to list P.M.-settled Mini-RUT options, for which the exercise settlement value will be based on the index value derived from the closing prices of the on the last trading day prior to expiration, on a pilot basis (currently set to expire on May 3, 2021).⁶ The Exchange notes that, like proposed MRUT options, XSP options are reduced-value options (1/10th) compared to SPX options that offer individual investors lower cost options to obtain the potential benefits of options on a broad-based index (the S&P 500 Index), and are likewise designed to provide options overlying the higher-valued SPX Index more readily available as an investing tool and at more affordable prices for the average retail investor. Therefore, the Exchange believes that because both mini-index options are intended for the same investor-base, providing the same P.M.-settlement opportunities for both XSP and MRUT options is appropriate. The Exchange believes permitting the trading of MRUT options on a P.M.-settled basis will encourage greater trading in MRUT options once listed and traded on the Exchange.⁷

The Exchange proposes to abide by the same reporting requirements for the trading of P.M.-settled MRUT options that it does for the trading of P.M.-settled XSP options.⁸ The Exchange proposes to include data regarding P.M.-settled MRUT options

⁵ See Interpretation and Policy .13 to Rule 4.13.

⁶ The proposed rule change also makes a nonsubstantive update to Interpretation and Policy .13 to Rule 4.13 by adding a reference to the defined term “SPX” after S&P 500 Stock Index and using that defined term within the provision in order to provide greater clarity and consistency with the language throughout Interpretation and Policy .13 to Rule 4.13.

⁷ See supra note 3.

⁸ See Securities Exchange Act Release No. 70087 (July 31, 2013), 78 FR 47809 (August 6, 2013) (SR-CBOE-2013-055) (the “P.M.-settled XSP Approval Order”). The reporting requirements are also the same for SPXPM. See Securities

as it does for P.M.-settled XSP options in the pilot program report that it submits to the Commission at least two months prior to the expiration date of the P.M. Pilot Program (the “annual report”).⁹ Specifically, the Exchange submits annual reports to the Commission that contain an analysis of volume, open interest, and trading patterns in connection with products in the P.M. Pilot Program. The analysis examines trading in products in the P.M. Pilot Program, as well as trading in the securities that comprise the underlying index. Additionally, for series that exceed certain minimum open interest parameters, the annual reports provide analysis of index price volatility and share trading activity.

Going forward, the Exchange will include the same analysis of P.M.-settled MRUT options, as well as trading in securities that comprise the RUT Index (as MRUT options are based on 1/10th the value of the RUT Index), in the annual reports. Also, like it currently does for P.M.-settled XSP options, the Exchange will submit periodic interim reports for P.M.-settled MRUT options that contain some, but not all, of the information contained in the annual reports.

The pilot reports will both contain the following volume and open interest data:

- (1) monthly volume aggregated for all trades;
- (2) monthly volume aggregated by expiration date;
- (3) monthly volume for each individual series;
- (4) month-end open interest aggregated for all series;
- (5) month-end open interest for all series aggregated by expiration date; and

and Exchange Act Release No. 68888 (February 8, 2013), 78 FR 10668 (February 14, 2013) (SR-CBOE-2012-120) (the “SPXPM Approval Order”).

⁹ See P.M.-settled XSP Approval Order.

- (6) month-end open interest for each individual series.

The annual reports will also contain the information noted in Items (1) through (6) above for Expiration Friday, A.M.-settled, RUT index options traded on Cboe Options, as well as the following analysis of trading patterns in P.M.-settled MRUT options series in the Pilot Program:

- (1) a time series analysis of open interest; and
- (2) an analysis of the distribution of trade sizes.

Finally, for series that exceed certain minimum parameters, the annual reports will contain the following analysis related to index price changes and underlying share trading volume at the close on Expiration Fridays:

- (1) a comparison of index price changes at the close of trading on a given Expiration Friday with comparable price changes from a control sample. The data includes a calculation of percentage price changes for various time intervals and compare that information to the respective control sample. Raw percentage price change data as well as percentage price change data normalized for prevailing market volatility, as measured by the Cboe Volatility Index (VIX), is provided; and

- (2) a calculation of share volume for a sample set of the component securities representing an upper limit on share trading that could be attributable to expiring in-the-money series. The data includes a comparison of the calculated share volume for securities in the sample set to the average daily trading volumes of those securities over a sample period.

The minimum open interest parameters, control sample, time intervals, method for randomly selecting the component securities, and sample periods are determined by

the Exchange and the Commission. In proposing to add MRUT options to the P.M. Pilot Program, the Exchange will abide by the reporting requirements described herein, the same reporting requirements described in the P.M.-settled XSP Approval Order.¹⁰ Additionally, the Exchange will provide the Commission with any additional data or analyses the Commission requests because it deems such data or analyses necessary to determine whether the P.M. Pilot Program, including P.M.-settled MRUT options as proposed, is consistent with the Exchange Act. As it does for current P.M. Pilot products, the Exchange will make public any data and analyses in connection with P.M.-settled MRUT options it submits to the Commission under the Pilot Program.¹¹

Overall, the Exchange believes that permitting the trading of MRUT options on a P.M.-settled basis will encourage greater trading in MRUT options. The Exchange anticipates high customer demand for P.M.-settled MRUT options as they will provide market participants, particularly smaller-sized investors and retail customers, an opportunity to benefit from exposure to the broad-based RUT Index market with a manageably sized contract that has the flexibility of a P.M.-settlement.

Additionally, the Exchange proposes to amend Rule 5.1, which governs trading days and hours, in conjunction with the proposed addition of MRUT options to the P.M.-settled Pilot Program. Rule 5.1(b)(2)(C) currently provides that on their last trading day, Regular Trading Hours for P.M.-settled XSP options¹² may be effected on the Exchange

¹⁰ See also SPXPM Approval Order.

¹¹ P.M. Pilot products data and analyses are made available at <https://www.cboe.com/aboutcboe/legal-regulatory/national-market-system-plans/pm-settlement-spxpm-data>.

¹² This same rule will apply to MRUT options with Nonstandard Expirations and QIXs, as proposed in the rule filing to list and trade MRUT options.

between 9:30 a.m. and 4:00 p.m. Eastern Time¹³ (as opposed to the 9:30 a.m. to 4:15 p.m. Regular Trading Hours for options with those expirations that are non-expiring). The proposed rule change amends Rule 5.1(b)(2)(C) to include P.M.-settled MRUT options. The Exchange expects that MRUT options, like SPX, XSP and RUT options (with Nonstandard Expirations, i.e., P.M.-settled Weekly and End of Month (“EOM”) RUT options)¹⁴, will typically be priced in the market based on corresponding futures values. The primary listing markets for the component securities that comprise the RUT Index (and thus, Mini-RUT Index) close trading in those securities at 4:00 p.m., just as the primary listing markets for the component securities that comprise the SPX Index (on which SPX and XSP options are based) close trading at 4:00 p.m. The primary listing exchanges for the component securities disseminate closing prices for the component securities, which are used to calculate the exercise settlement value of the RUT Index. The Exchange believes that, under normal trading circumstances, the primary listing markets have sufficient bandwidth to prevent any data queuing that may cause any trades that are executed prior to the closing time from being reported after 4:00 p.m. If trading in expiring P.M.-settled MRUT options continued an additional fifteen minutes until 4:15 p.m. on their last trading day, expiring MRUT options could not be priced on corresponding futures values, but rather would have to be priced on the known cash value. At the same time, the prices of non-expiring P.M.-settled MRUT options series would continue to move and likely be priced in response to changes in corresponding futures prices. As a result, a potential pricing divergence could occur between 4:00 p.m.

¹³ See Rule 1.6, which states that unless otherwise specified, all times in the Rules are Eastern Time.

¹⁴ See Rule 4.13(e).

and 4:15 p.m. on the final trading day in expiring P.M.-settled MRUT options (e.g., a switch from pricing off of futures to cash). The Exchange understands that the switch from pricing off of futures to cash can be a difficult and risky crossover for liquidity providers. As a result, if expiring P.M.-settled contracts closed at 4:15 p.m., Market-Makers may react by widening spreads in order to compensate for the additional risk. Therefore, in order to mitigate potential investor confusion and the potential for increased costs to investors, the Exchange believes that it is appropriate to cease trading in the expiring P.M.-settled MRUT options at 4:00 p.m., as it already does for expiring P.M.-settled XSP options and RUT options with Nonstandard Expirations for the same aforementioned reasons.¹⁵ The Exchange does not believe that the proposed rule change will impact volatility on the underlying cash market comprising the RUT Index at the close on Expiration Fridays, as it already closes trading on the last trading day for expiring P.M.-settled options at 4:00 p.m. (such as P.M.-settled XSP options and P.M.-settled Weekly and EOM RUT options), which the Exchange does not believe has had an adverse impact on fair and orderly markets on Expiration Fridays for the underlying stocks comprising the corresponding indexes.¹⁶

With regard to the impact of this proposal on system capacity, the Exchange has analyzed its capacity and represents that it believes that the Exchange and OPRA have the necessary systems capacity to handle any potential additional traffic associated with trading of P.M.-settled MRUT options. The Exchange does not believe that its Trading Permit Holders (“TPHs”) will experience any capacity issues as a result of this proposal

¹⁵ See Securities Exchange Act Release No. 69638 (May 24, 2013), 78 FR 32524 (May 30, 2013) (SR-CBOE-2013-055); and P.M.-settled XSP Approval Order.

¹⁶ See Securities Exchange Act Release No. 90263 (October 23, 2020), 85 FR 68611 (October 29, 2020) (SR-CBOE-2020-100).

and represents that it will monitor the trading volume associated with any possible additional options series listed as a result of this proposal and the effect (if any) of these additional series on market fragmentation and on the capacity of the Exchange's automated systems.

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.¹⁷ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁸ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange does not believe that the addition of MRUT options to the P.M. Pilot Program will raise any prohibitive regulatory concerns, nor adversely impact fair and orderly markets on Expiration Fridays for the underlying stocks

¹⁷ 15 U.S.C. 78f(b).

¹⁸ 15 U.S.C. 78f(b)(5).

¹⁹ Id.

comprising the RUT Index. The Exchange has not experienced any meaningful regulatory concerns, nor adverse impact on fair and orderly markets, in connection with the P.M. Pilot Program that has permitted trading of P.M.-settled XSP since 2013, which have a similar purpose and likely similar investor base as MRUT options.²⁰ Additionally, the proposed rule change will provide investors with an opportunity to trade MRUT options with a P.M.-settlement feature on the Exchange subject to transparent exchange-based rules as well as price discovery and liquidity, as opposed to alternatively trading these products in the over-the-counter market. Investors will benefit from the opportunity to trade in association with this product on Expiration Fridays. Indeed, market participants, particularly smaller-sized investors and retail customers, will benefit from exposure to the broad-based RUT Index market with a manageably sized contract that has the flexibility of a PM-settlement, thereby removing impediments to a free and open market consistent with the Act.

In addition, the Exchange believes that the proposal to end trading at 4:00 p.m. on the last trading day for transactions in expiring P.M.-settled MRUT options will prevent continued trading on a product after the exercise settlement value has been fixed, thereby mitigating potential investor confusion and the potential for increased costs to investors as a result of potential pricing divergence at the end of the trading day. Given the significant changes in the closing procedures of the primary markets in recent decades, the Exchange does not believe that the proposed P.M.-settled MRUT options and 4:00

²⁰ Trading in SPXPM has been permitted since 2013, as well. The Exchange notes too that for roughly five years (1987 to 1992) it listed and traded an A.M.-settled S&P 500 index option (called NSX) at the same time it listed and traded a P.M.-settled S&P 500 index option (called SPX) and did not observe any market disruptions as a result of offering both products.

p.m. closing time on Expiration Fridays will adversely impact the maintenance of a fair and orderly market or the protection of investors because the risks of potential impact of P.M.-, cash-settled index derivatives on the underlying cash markets are greatly reduced today by the enhanced closing procedures currently in place at the primary equity markets. The Exchange notes also that it will include analysis in connection with P.M.-settled MRUT options, in the same manner that it currently does for other P.M.-settled options, in the pilot reports it submits to the Commission, and will provide the Commission with any additional data or analyses the it may request because it deems such data or analyses necessary to determine whether the Pilot Program, including P.M.-settled MRUT options as proposed, is consistent with the Exchange Act. The Exchange represents that it believes that it has the necessary systems capacity to support any additional traffic associated with trading of P.M.-settled MRUT and does not believe that its TPHs will experience any capacity issues as a result of this proposal. The Exchange will monitor the trading volume associated with any possible additional options series listed and the effect (if any) of these additional series on market fragmentation and on the capacity of the Exchange's automated systems.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because P.M.-settled MRUT options will be available to all market participants and the proposed 4:00 p.m. closing time on Expiration Fridays will apply equally to all market participants trading in MRUT options.

The Exchange does not believe that the proposal to list and trade options on the Mini-RUT Index, and the proposed rules governing the trading of MRUT options on the Exchange, will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because options on the RUT Index, including reduced-value options as proposed, are proprietary Exchange products. To the extent that the advent of P.M.-settled MRUT options trading on the Exchange may make the Exchange a more attractive marketplace to market participants at other exchanges, such market participants are free to elect to become market participants on the Exchange. As stated above, the listing and trading of P.M.-settled MRUT options on the Exchange will subject such options to transparent exchange-based rules as well as price discovery and liquidity, as opposed to alternatively trading these products in the over-the-counter market.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

- A. by order approve or disapprove such proposed rule change, or
- B. institute proceedings to determine whether the proposed rule change should be 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-2020-116 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-2020-116. 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-2020-116 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.²¹

Secretary

²¹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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Rules of Cboe Exchange, Inc.

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Rule 4.13. Series of Index Options

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Interpretations and Policies

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.13 In addition to A.M.-settled S&P 500 Stock Index (“SPX”) options approved for trading on the Exchange pursuant to Rule 4.13, the Exchange may also list options on [the S&P 500 Index]SPX whose exercise settlement value is derived from closing prices on the last trading day prior to expiration (P.M.- settled third Friday-of-the-month SPX options series). The Exchange may also list options on the Mini-SPX Index (“XSP”) and Mini-RUT Index (“MRUT”) whose exercise settlement value is derived from closing prices on the last trading day prior to expiration (“P.M.-settled”). P.M.-settled third Friday-of-the-month SPX options series and P.M.-settled XSP and MRUT options will be listed for trading for a pilot period ending May 3, 2021.

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Rule 5.1. Trading Days and Hours

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(b) *Regular Trading Hours.*

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(2) *Index Options.* Except as otherwise set forth in the Rules or under unusual conditions as may be determined by the Exchange, Regular Trading Hours for transactions in index options are from 9:30 a.m. to 4:15 p.m., except as follows:

* * * * *

(C) On their last trading day, Regular Trading Hours for the following options are from 9:30 a.m. to 4:00 p.m.

Cboe S&P 500 AM/PM Basis options

Index Options with Nonstandard Expirations (i.e., Weeklys and EOMs)
and Quarterly Expirations (i.e., QIXs)

SPX options (p.m.-settled)

XSP options (p.m.-settled)

MRUT options (p.m.-settled)

* * * * *