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

File No.* SR - 2020 - * 118

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) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pilot <input type="checkbox"/> Extension of Time Period for Commission Action * <input type="checkbox"/> Date Expires * <input type="text"/>			Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input checked="" type="checkbox"/> 19b-4(f)(6)		

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

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

Section 806(e)(1) *

☐

Section 806(e)(2) *

☐

Section 3C(b)(2) *

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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 list and trade options that overlie the Mini-Russell 2000 Index ("Mini-RUT" or "MRUT").

Contact Information

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

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

Signature

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

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

(Title *)

Date 12/16/2020

By Laura G. Dickman

(Name *)

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

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 list and trade options that overlie the Mini-Russell 2000 Index (“Mini-RUT” or “MRUT”).

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 certain rules in connection with the Exchange’s plans to list and trade MRUT options.¹ MRUT options are options on the Mini-RUT Index, the value of which is 1/10th the value of the Russell 2000 (“RUT”) Index. The Russell 2000 Index measures the performance of small-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 2,000 U.S.-based securities based on a combination of their market cap and current index membership. The Russell 2000 Index is constructed to provide a

¹ The Exchange intends to file a Form 19b-4(e) with the Commission for Mini-Russell 2000 Index options pursuant to Rule 19b-4(e) of the Act.

comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. The Russell 2000 Index is a commonly used benchmark for mutual funds that identify themselves as “small-cap,” and much like the S&P 500 Index (“SPX”), is used to benchmark large capitalization stocks. The Exchange understands that investors often use Russell 2000 Index-related products to diversify their portfolios and benefit from market trends. RUT options currently offer these benefits to investors but may be expensive given their larger notional value and are therefore primarily used by institutional market participants. By contrast, Mini-RUT options are a reduced-value options ($1/10^{\text{th}}$) compared to RUT options that will offer individual investors lower cost options to obtain the potential benefits of options on the Russell 2000 Index. The Exchange believes that investors will benefit from the availability of Mini-RUT option contracts by making options overlying the higher-valued RUT Index more readily available as an investing tool and at more affordable prices for the average retail investor. The Exchange notes that it has previously listed and traded options on the Mini-RUT Index, which were delisted in 2010.²

Initial and Maintenance Listing Criteria

The Mini-RUT Index contains the same stocks with the same weightings as the RUT Index and will be calculated in the same manner as the RUT Index, with the exception of being $1/10^{\text{th}}$ the value of the RUT Index. The RUT Index is a broad-based index currently authorized to list and trade on the Exchange, therefore the Mini-RUT

² The Exchange notes that when it previously listed and traded reduced-value options on the RUT Index (at $1/10^{\text{th}}$ and $1/5^{\text{th}}$ the value), such options were multiply listed and available for trading on other options exchange. The Exchange now plans list and trade options on the Mini-RUT Index as a proprietary product.

Index also meets the definition of a broad-based index as set forth in Rule 4.11 (i.e., an index designed to be representative of a stock market as a whole or of a range of companies in unrelated industries). The index reporting authority, Frank Russell Co., for the Mini-RUT Index is the same as for the RUT Index.³ Additionally, the Mini-RUT Index (like the RUT Index) satisfies the initial listing criteria of a broad-based index, as set forth in Rule 4.10(f)⁴:

- (1) the index is broad-based, as defined in Rule 4.11;
- (2) options will be A.M.-settled;
- (3) the index is capitalization-weighted, modified capitalization-weighted, price-weighted, or equal dollar-weighted⁵ ;
- (4) the index consists of 50 or more component securities;
- (5) each component security that accounts for at least 95% of the weight of the index has a market capitalization of at least \$75 million, except that for each component security that accounts for at least 65% of the weight of the index has a market capitalization of at least \$100 million;
- (6) Component securities that account for at least 80% of the weight of the index satisfy the requirements of Rule 4.3 applicable to individual underlying securities;
- (7) Each component security that accounts for at least 1% of the weight of the index has an average daily trading volume of at least 90,000 shares during the last six-month period;
- (8) No single component security accounts for more than 10% of the weight of the index, and the five highest weighted component securities in the index do not, in the aggregate, account for more than 33% of the weight of the index;

³ The proposed rule change adds the reporting authority for the Mini-RUT Index to Rule 4.12(c).

⁴ The Exchange also notes that it may authorize for trading FLEX Options on Mini-RUT if it may authorize for trading a non-FLEX Options on Mini-RUT pursuant to Rule 4.10. See Rule 4.20.

⁵ The Mini-RUT Index is capitalization-weighted.

- (9) Each component security is an NMS stock;
- (10) Non-U.S. component securities (stocks or ADRs) that are not subject to comprehensive surveillance agreements do not, in the aggregate, represent more than 20% of the weight of the index⁶ ;
- (11) the current index value is widely disseminated at least once every 15 seconds by the Options Price Reporting Authority, CTA/CQ, NIDS or one or more major market data vendors during the time options on the index are traded on the Exchange;
- (12) The Exchange reasonably believes it has adequate system capacity to support the trading of options on the index, based on a calculation of the Exchange's current Independent System Capacity Advisor allocation and the number of new messages per second expected to be generated by options on such index;
- (13) An equal dollar-weighted index is rebalanced at least once every calendar quarter;
- (14) If an index is maintained by a broker-dealer, the index is calculated by a third-party who is not a broker-dealer, and the broker-dealer has erected an informational barrier around its personnel who have access to information concerning changes in, and adjustments to, the index⁷;
- (15) The Exchange has written surveillance procedures in place with respect to surveillance of trading of options on the index.

Options on the Mini-RUT Index will also be subject to the maintenance listing standards set forth in Rule 4.10(g):

- (1) the conditions stated in (1), (2), (3), (9), (10), (11), (12), (13), (14), and (15) above must continue to be satisfied and the conditions stated in (5), (6), (7), (8) above must be satisfied only as of the first day of January and July in each year;

⁶ The Mini-RUT Index is comprised of only U.S. component securities.

⁷ The index reporting authority, Frank Russell Co., is not a broker-dealer.

- (2) The total number of component securities in the index may not increase or decrease by more than 10% from the number of component securities in the index at the time of its initial listing.⁸

Expiration Months, Settlement, and Exercise Style

Consistent with existing rules for certain index options, including RUT options, the Exchange will allow up to six standard monthly expirations for MRUT options⁹ as well as LEAPS¹⁰. The Exchange may list MRUT options as A.M.-, cash-settled contracts with European-style exercise.¹¹ A.M.-settlement is consistent with the generic listing criteria for broad-based indexes.¹² The Exchange proposes to amend Rule 4.13(a)(4) to add Mini-RUT Index options to the list of other permissible A.M.-settled options, including RUT options. Also, European-style exercise is consistent with many index options, as set forth in Rule 4.13(a)(3). Standard third-Friday-of-the-month (“Expiration Friday”) RUT and MRUT options, as proposed, are typically A.M.-settled with European-style exercise. The Exchange proposes to amend Rule 4.13(a)(3) to add Mini-RUT Index options to the list of other European-style index options, including RUT

⁸ As is the case with other index options authorized for listing and trading on Cboe Options, in the event the Mini-RUT Index fails to satisfy the maintenance listing standards, the Exchange will not open for trading any additional series of options of that class unless such failure is determined by the Exchange not to be significant and the Commission concurs in that determination, or unless the continued listing of that class of index options has been approved by the Securities and Exchange Commission (the “Commission”) under Section 19(b)(2) of the Securities and Exchange Act (the “Act”).

⁹ See Rule 4.13(a).

¹⁰ Pursuant to Rule 4.13(b), index LEAPS may expire 12-180 months from the date of issuance.

¹¹ See Rule 4.13(a)(3).

¹² See Rule 4.10(f)(2).

options. As discussed above, the Mini-RUT Index consists of all components that are included in the RUT Index but is 1/10th the value of the RUT Index. Because of the relation between the Mini-RUT Index and the RUT Index, both of which market participants may use as a hedging vehicle to meet their investment needs in connection with RUT Index-related products and cash positions, the Exchange believes it is appropriate to permit the same number of monthly expirations for MRUT options as RUT options and to list MRUT options with the same standard settlement and exercise style as RUT options.

Quarterly and Nonstandard Expirations

In addition to this, pursuant to Rule 4.13(c), the Exchange may open for trading Quarterly Index Expirations (“QIXs”) on certain indexes, including the RUT Index. QIXs are index option contracts that expire on the last business day of a calendar quarter. The Exchange proposes to amend Rule 4.13(c) to include QIXs on the Mini-RUT Index. The Exchange notes that there may be up to eight near-term QIXs open for trading in a class and that QIXs are P.M.-settled. Also, the Exchange’s Nonstandard Expirations Pilot Program currently allows it to list Weekly Expirations and End of Month (“EOM”) Expirations on any broad-based index.¹³ Weekly and EOM options are P.M., cash-settled and have European-style exercise. The Exchange intends to list MRUT options pursuant to the Nonstandard Expirations Pilot Program and notes that it currently

¹³ See Rule 4.13(e). The Exchange notes that it will provide the Commission with the annual report analyzing volume and open interest of MRUT Weekly and EOM options, as well as information and analysis of Weekly and EOM trading patterns, and index price volatility and share trading activity for series that exceed minimum parameters, pursuant to the Nonstandard Expirations Pilot approval order. See Securities Exchange Act Release 62911 (September 14, 2010), 75 FR 57539 (September 21, 2010) (SR-CBOE-2009-075).

lists RUT options with Nonstandard Expirations pursuant to the program. As stated above, due to the relation between the Mini-RUT Index and the RUT Index, the Exchange believes it is appropriate to list MRUT options with the same available expirations as RUT options. Further, the Exchange notes that Rule 5.1(b)(2)(C), which governs trading days and hours, currently provides that on their last trading day, Regular Trading Hours for index options with Nonstandard Expirations and QIXs, may be effected on the Exchange between 9:30 a.m. and 4:00 p.m. Eastern Time¹⁴ (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). Therefore, expiring MRUT options with Nonstandard Expirations and QIXs will also be opened for trading from 9:30 a.m. to 4:00 p.m. on their last trading day pursuant to Rule 5.1(b)(2)(C).

Minimum Increments

The Exchange also proposes to amend Rule 5.4 in connection with minimum increments for bids and offers for MRUT options. Currently, the minimum increments for bids and offers for options on the iShares Russell 2000 ETF (“IWM”), which is an exchange-traded fund (“ETF”) that tracks the performance of the RUT Index, is \$0.01 regardless of whether option series is quoted above, at, or below \$3. Because both Mini-RUT options and IWM options prices are based, overall, on 1/10th the value of the RUT Index, the Exchange believes that it is important that these products have the same minimum increments to promote consistency and competition. As such, the Exchange proposes that for so long as IWM options participate in the Penny Interval Program the minimum increment for MRUT options will be \$0.01 at all prices. The Exchange notes

¹⁴ See Rule 1.6, which states that unless otherwise specified, all times in the Rules are Eastern Time.

that this is consistent with the minimum increment for Mini-XSP, which is likewise \$0.01 so long as options on the SPDR S&P 500 ETF (“SPY”), an ETF that tracks the SPX Index, participate in the Penny Interval Program, as both Mini-XSP and SPY options are by and large based on 1/10th the value of the SPX Index.¹⁵

Exercise Prices

The Exchange also proposes to adopt rules regarding permissible exercise prices for Mini-RUT options. Specifically, the proposed rule change amends Interpretation and Policy .01(i)¹⁶ to Rule 4.13 provide that, notwithstanding Interpretation and Policies .01(a)¹⁷, .01(d)¹⁸ and .04¹⁹ to Rule 4.13, the exercise prices for new and additional series

¹⁵ See Securities Exchange Act Release No. 70087 (July 31, 2013), 78 FR 47809 (August 6, 2013) (SR-CBOE-2013-055).

¹⁶ The Exchange notes that, currently, Interpretation and Policy .01(i) and Interpretation and Policy .01(a) houses the exercise price provisions applicable to Mini-RUT options that were in place when the Exchange prior listed and traded options on the Mini-RUT Index, which were multiply listed at the time, and thus based on the strike price interval rules of other options exchanges. See Securities Exchange Act Release No. 60977 (November 10, 2009), 74 FR 59592 (November 18, 2009) (SR-CBOE-2009-086). The Exchange proposes to remove these former strike interval price provisions and implement strike price interval provisions that are consistent with those that govern Mini-XSP options, a proprietary mini-index option like Mini-RUT options today.

¹⁷ Interpretation and Policy .01(a) to Rule 4.13 provides that the interval between strike prices will be no less than \$5.00; provided, the interval between strike prices will be no less than \$2.50 for certain classes of index options.

¹⁸ Interpretation and Policy .01(d) to Rule 4.13 provides that when new series of index options with a new expiration date are opened for trading, or when additional series of index options in an existing expiration date are opened for trading as the current value of the underlying index to which such series relate moves substantially from the exercise prices of series already opened, the exercise prices of such new or additional series shall be reasonably related to the current value of the underlying index at the time such series are first opened for trading.

¹⁹ Interpretation and Policy .04 to Rule 4.13 provides that the Exchange may open for trading additional series of the same class of index options as the current index value of the underlying index moves substantially from the exercise price of those index options that already have been opened for trading on the Exchange. The

of Mini-RUT options shall be listed subject to the following:

(1) if the current value²⁰ of the Mini-RUT is less than or equal to 20, the Exchange shall not list series with an exercise price of more than 100% above or below the current value of the Mini-RUT;

(2) if the current value of the Mini-RUT is greater than 20, the Exchange shall not list series with an exercise price of more than 50% above or below the current value of the Mini-RUT; and

(3) the lowest strike price interval that may be listed for standard Mini-RUT options, including LEAPS, is \$1, and the lowest strike price interval that may be listed for series of Mini-RUT listed under the Nonstandard Expirations Pilot Program in Rule 4.13(e) and for QIX Mini-RUT options is \$0.50.

Pursuant to current Interpretation and Policy .01(a) to Rule 4.13, index options have strike price intervals of \$5 or greater. This includes strike price intervals for options on the RUT Index.²¹ The Exchange believes that MRUT options, which have 1/10th the

exercise price of each series of index options opened for trading on the Exchange shall be reasonably related to the current index value of the underlying index to which such series relates at or about the time such series of options is first opened for trading on the Exchange. The term “reasonably related to the current index value of the underlying index” means that the exercise price is within 30% of the current index value. The Exchange may also open for trading additional series of index options that are more than 30% away from the current index value, provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate, or individual customers or their brokers.

²⁰ The proposed rule change makes this value explicit by updating Interpretation and Policy .06 to Rule 4.13 to provide that the current index value current index value of reduced-value options on the S&P 500 Stock Index (“Mini-SPX options”) and reduced-value options on the Russell 2000 Index (“Mini-RUT options”) shall be one-tenth (1/10th) the value of the applicable underlying index reported by the Reporting Authority.

²¹ Unless the strike price is \$200 or less, then the intervals may be no less than \$2.50. See Interpretation and Policy .01(a) to Rule 4.13.

value of the RUT options, should therefore be permitted smaller strike price intervals than RUT options. As stated, MRUT options will allow smaller-scale investors to gain broad exposure to the RUT options market and hedge RUT Index-related positions with a manageably sized contract and the proposed finer strike prices for MRUT options will permit strike prices accordingly aligned with RUT options. For example, if the RUT Index value was 2700, then the Mini-RUT Index value would be 270. RUT options would be permitted to be listed with strikes of 2710, 2720, and 2730. Corresponding standard and QIX MRUT options strikes, as proposed, would be 271, 272, and 273; as opposed to strikes of only 270 and 275, as permitted under the current Rule. The proposed \$1 strike interval for standard options will permit the listing of series with strikes that correspond to RUT option strikes. The Exchange, however, recognizes the proposed \$1 strike approach for MRUT options alone does not achieve full harmonization between strikes in MRUT options and RUT options. For example, if there was a 2715 strike in RUT options, the \$1 strike interval would not permit the Exchange to list a corresponding 271.5 strike in MRUT options. Therefore, the Exchange also proposes \$0.50 strike price intervals for MRUT options with Nonstandard Expirations and for QIX MRUT options. The Exchange believes that smaller strike intervals for MRUT options with Nonstandard and QIX expirations (all of which are “nonstandard” expirations with P.M.-settlement, and, at times, have expirations that coincide)²² will provide market participants with more efficient hedging and trading opportunities. The proposed \$0.05 strike setting regime would permit strikes on a more refined scale that, at times, will more closely reflect values in the underlying RUT Index and allow market

²² For example, every third EOM expiration corresponds to a quarterly expiration.

participants to roll open positions from a lower strike to a higher strike in conjunction with the price movement of the underlying.

The Exchange notes that the proposed strike interval prices for MRUT options are substantively the same as those for options on the Mini-SPX Index (which are 1/10th the value of SPX options).²³ The Exchange believes these permissible strike prices will permit the Exchange to list MRUT options with strikes that closely reflect the current values of the RUT Index, as they provide more flexibility and will allow the Exchange to better respond to customer demand for MRUT option strike prices that relate to current RUT Index values. In addition, the Exchange believes that because the number of strikes that may be listed will be contained by the percentages above and below the current Mini-RUT Index value (as further discussed below) there is no need to restrict the use of \$1 or \$0.50 strike price intervals based on the amount of the strike price. Rather, the Exchange may determine to list strikes in \$1 or \$0.50 intervals, as applicable, or higher based on the level of the Mini-RUT Index, customer demand and the need to list scaled strikes in reduced-value MRUT options that correspond to strikes in full-value RUT options. The Exchange believes the proposed strike price intervals for MRUT options will allow retail investors to better use MRUT options to gain exposure to the RUT options market, hedge their positions in RUT Index-related instruments and cash

²³ See Interpretation and Policy .10 to Rule 4.13; and see Securities Exchange Act Release Nos. 72482 (June 26, 2014), 79 FR 37825 (July 2, 2014) (SR-CBOE-2014-051) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Strike Settings for Mini-S&P 500 Index Options); and 72991 (September 4, 2014), 79 FR 53794 (September 10, 2014) (SR-CBOE-2014-069) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to XSP and DJX Strike Price Listings). The Exchange notes that it does not propose to add MRUT options to the Short Term Options Series Program, and therefore, does not include strike interval prices for these options in the proposed rule as it does for XSP options.

positions in the RUT Index, and tailor their investment strategies with the same precision as market participants in RUT options.

Additionally, the proposed strike price range limitations for MRUT options are closely aligned with the strike price range limitations for equity and ETF options pursuant to the Rule 4.7(b) and the Options Listing Procedure Plan (“OLPP”).²⁴ The OLPP and Rule 4.7(b) set forth exercise price range limitations for equity and ETF options which differ from the general exercise price range limitations for index options set forth in Interpretations and Policies .01(d) and .04 to Rule 4.13. The Exchange also notes that the exercise price range limitations currently in place for Mini-SPX options differ from the limitations in Interpretations and Policies .01(d) and .04 to Rule 4.13 and, instead, are consistent with the OLPP limitations.²⁵ Interpretation and Policy .01(d) requires the exercise price of each series of index options to be reasonably related to the current index value of the underlying index to which the series relates at time the series is first opened for trading on the Exchange. “Reasonably related to the current index value of the underlying index” means the exercise price must be within 30% of the current index value.²⁶ Pursuant to Interpretation and Policy .04 to Rule 4.13, the Exchange may also open for trading additional series of index options that are more than 30% away from the current index value, provided that demonstrated customer interest exists for the series. Therefore, if the value of the Mini-RUT Index is \$200, under the current Rules providing general exercise price range limitations for index options, the Exchange may only list strikes ranging from \$140 to \$260 (i.e., 30% above and below the current value).

²⁴ See Rule 4.7(b)

²⁵ See supra note 23.

²⁶ See supra note 19.

Pursuant to the OLPP and Rule 4.7(b) strike price limitations for equity and ETF options, however, if the underlying price of an equity or ETF option is \$200, the Exchange is permitted to list strikes ranging from \$100 through \$300 (i.e., 50% above and below the current value). Therefore, by applying the OLPP limitations, as proposed, if the value of the Mini-RUT Index is \$200, the Exchange will be able to list strikes ranging 50% above and below the current value of the index. The Exchange believes the proposed exercise price limitations for MRUT options will put such options on equal standing with equity and ETF options, as well as Mini-SPX options, in connection with exercise price limitations and, as a result, will allow the Exchange to list strikes that more closely reflect the current values in the RUT Index and to better respond to customer demand for MRUT options strike prices that better relate to current RUT Index values.

Finally, the Exchange notes that the proposed rule change removes current Interpretation and Policy .01(i)(1) through (4) to Rule 4.13, as well as the references to reduced-value Russell 2000 Index options in Interpretation and Policy .01(a) to Rule 4.13, which contain the strike price provisions and delisting policy applicable to the multiply listed Mini-RUT options that were previously listed on the Exchange.²⁷ The Exchange notes that other exchanges that also listed Mini-RUT options at that time adopted substantially the same strike price rules and delisting policies for Mini-RUT options as provided in current Interpretation and Policy .01(i)(1) through (4).²⁸ For the reasons described above, the Exchange wishes to adopt strike price intervals and limitations that are consistent with those for Mini-SPX options, which is a proprietary

²⁷ These were delisted in 2010.

²⁸ See e.g., Securities and Exchange Act Release Nos. 60977 (November 10, 2009), 74 FR 59592 (November 18, 2009) (SR-CBOE-2009-086); and 60637 (September 9, 2009), 74 FR 47634 (September 16, 2009) (SR-Phlx-2009-77).

product traded exclusively on the Exchange, as will be the case for the MRUT options that the Exchange now proposes to list and trade.²⁹ The Exchange notes that its general delisting policies provided in Rule 4.5 will apply to MRUT options in the same manner that they currently apply to other index options, including Mini-XSP, pursuant Interpretation and Policy .01 to Rule 4.13.³⁰

Position and Exercise Limits

Rule 8.31 governs position limits for broad-based index options, and currently provides that there shall be no position limits for broad-based index option contracts (including reduced-value option contracts) on, among other broad-based index option contracts, the RUT Index. Rule 8.42 governs exercise limits and Rule 8.42(b) specifically provides that there shall be no exercise limits for broad-based index options (including reduced-value option contracts) on, among other broad-based index option contracts, the RUT Index. Therefore, there will be no position or exercise limits for Mini-RUT option contracts upon their listing and trading as they are reduced-value option contracts on the RUT Index. The Exchange notes that the Commission has previously approved the Exchange Rules codifying that there are no position or exercise limits on reduced-value option contracts, the filing of which specifically included reduced-value option contracts on the RUT Index.³¹

²⁹ See supra note 2.

³⁰ The Exchange notes that the proposed rule change corrects the reference to Rule 4.5 in Interpretation and Policy .01 to Rule 4.13, which was a carry-over error as a result of the migration of the Exchange's Rulebook in 2019. See Securities and Exchange Act Release No. 87337 (October 17, 2020), 84 FR 56879 (October 23, 2019) (SR-CBOE-2019-092).

³¹ See Securities Exchange Release No. 56350 (September 4, 2007), 72 FR 51878 (September 11, 2007) (SR-CBOE-2007-79) (Order Granting Accelerated Approval of Proposed Rule Change and Amendment No. 1 Thereto To Eliminate

Appointment Weights

The Exchange proposes to add options on the Mini-RUT Index as a Tier AA class with a Market-Maker appointment weight of .001.³² This is the same appointment weight as a majority of the other Tier AA options classes. The Exchange determines appointment weights of Tier AA classes based on several factors, including, but not limited to, competitive forces and trading volume. The Exchange believes the proposed initial appointment weight of .001 for Mini-RUT Index options will foster competition by incentivizing Market-Makers to obtain an appointment in these newly listed options, which may increase liquidity in the new class. The Exchange notes that it recently listed options on the S&P 500 ESG Index, to which it also assigned an appointment weight of .001 for the same reasons — to incentivize Market-Makers to obtain appointments and provide increased liquidity in a newly listed class.³³

Capacity

The Exchange has analyzed its capacity and represents that it believes the Exchange and OPRA have the necessary systems capacity to handle the additional traffic

Position and Exercise Limits for Options on the Russell 2000 Index, and To Specify That Certain Reduced-Value Options on Broad-Based Security Indexes Have No Position and Exercise Limits).

³² See Rule 5.50(g). RUT Index options and IWM options are also in Tier AA. While the appointment weights of Tier AA classes are not subject to quarterly rebalancing under Rule 5.50(g)(1), the Exchange regularly reviews the appointment weights of Tier AA classes to ensure that they continue to be appropriate. The Exchange determines appointment weights of Tier AA classes based on several factors, including, but not limited to, competitive forces and trading volume.

³³ See Securities Exchange Act Release No. 89749 (September 2, 2020), 85 FR 55723 (September 9, 2020) (SR-CBOE-2020-080) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To List and Trade Options That Overlie the S&P 500 ESG Index).

associated with the listing of new series that may result from the introduction of the Mini-RUT Index options up to the proposed number of possible expirations. Because the proposal is limited to one class, the Exchange believes any additional traffic that may be generated from the introduction of Mini-RUT Index options will be manageable.

(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.³⁴ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)³⁵ 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)³⁶ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that the proposal to list and trade options on the Mini-RUT Index will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the

³⁴ 15 U.S.C. 78f(b).

³⁵ 15 U.S.C. 78f(b)(5).

³⁶ Id.

public interest, because the Exchange believes that the proposed rule change will further the Exchange's goal of introducing innovative products to the marketplace. The Exchange particularly believes that the proposed rule change will benefit investors, as the Exchange believes there is unmet market demand for exchange-listed security options that track the RUT Index. ETFs based on the RUT Index (e.g., IWM and Vanguard Russell 2000 ETF ("VTWO")) and E-mini RUT Index futures products are listed and traded on other exchanges. The Exchange believes that Mini-RUT Index options are designed to provide additional, relatively low-cost opportunities for investors, particularly retail investors, to hedge or speculate on the market risk and meet their investment needs associated with the RUT Index and RUT Index-linked products by listing an option on 1/10th the value of this index. More specifically, the lower cost of MRUT options is designed to allow investors to hedge their portfolios with a smaller outlay of capital and may facilitate overall investor participation in the market for RUT options, which should, in turn, help to maintain the depth and liquidity of the market for RUT options, to the benefit of investors.

The Exchange believes the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system, because it is consistent with current Rules, previously filed with the Commission. Particularly, the Mini-RUT Index options satisfy the initial listing standards for broad-based indexes in the Exchange's current Rules, which the Commission previously approved as consistent with Act.³⁷ The proposed rule change to add the Mini-RUT Index to the table regarding

³⁷ See Securities Exchange Act Release No. 34-53266 (February 9, 2006), 71 FR 8321 (February 16, 2006) (SR-CBOE-2005-59) (Order Approving Generic Listing Standards for Options on Broad-based Indexes).

reporting authorities for indexes, to the list of European-style exercise index options, to the list of A.M.-settled index options and to the list of index options with QIXs, to add MRUT options to the Nonstandard Expiration Pilot Program,³⁸ to permit the standard number of expirations for MRUT options, and to allow for no position or exercise limits to apply to MRUT option contracts (as previously approved by the Commission specifically for reduced-value option contract on the RUT Index),³⁹ is consistent with existing Rules governing broad-based index options currently authorized and listed for trading on the Exchange. The Exchange notes that with respect to these changes, RUT options currently have the same reporting authority, number of permissible expirations, standard (A.M.) settlement and exercise style, may open QIXs for trading, are part of the Nonstandard Expiration Pilot Program, and are not subject to position or exercise limits.⁴⁰ The Exchange has observed no trading or capacity issues in RUT trading given the number and type of permissible expirations, standard settlement, European-style exercise and application of no position and exercise limits. Because the same components comprise the RUT Index and the Mini-RUT Index, market participants may use either as a hedging vehicle to meet their investment needs in connection with RUT Index-related products and cash positions, and, therefore, the Exchange believes it is appropriate to provide generally consistent features between the full- and reduced-value options on the RUT Index.

The Exchange believes that adopting a minimum increment of \$0.01 for MRUT options, aligned with the minimum increment for IWM options (which is also 1/10th the

³⁸ See supra note 13.

³⁹ See supra note 31.

⁴⁰ See Rules 4.12(c), 4.13(a)(2) through (4), 4.13(c), Rule 8.31, and Rule 8.42(b).

value of the RUT Index), will remove impediments to and perfect the mechanism of a free and open market and national market system by promoting competition and providing consistency for market participants that participate in products that track the price of the RUT Index. The Exchange believes that aligning the minimum increments for MRUT options with those for IWM options will allow market participants to quote in smaller minimum increments of \$0.01, which may provide the opportunity for reduced spreads, thereby lowering costs to investors.⁴¹ This proposed rule change is also consistent with the minimum increments for Mini-XSP, which are \$0.01 and likewise aligned with options on the ETF (SPY) that tracks the same underlying index (SPX) and is similarly 1/10th the value of the SPX Index.⁴²

With respect to the proposed permissible exercise prices for MRUT options, the proposed rule change is designed to closely align MRUT option strike prices with those of RUT option strike prices. The proposed exercise price regime will provide the Exchange with the flexibility to respond to customer demand for MRUT option strike prices that relate to current RUT Index values and closely reflect values in the underlying RUT Index, which will allow investors to roll open positions from a lower strike to a higher strike in conjunction with the price movement of the underlying. The Exchange believes that the proposed strike prices will afford investors important hedging and trading opportunities by allowing investors (particularly, retail investors) to fine-tune their use of MRUT options to gain exposure to the RUT options market, hedge RUT-Index-related positions, and manage their portfolios. The proposed rule change will add consistency to the RUT Index options markets and will help ensure that investors in

⁴¹ See supra note 15.

⁴² See id.

MRUT options are not at a disadvantage with respect to larger institutional investors in RUT options. The Exchange believes that because the number of strikes that may be listed will be contained by the percentages above and below the current Mini-RUT Index value, the number of MRUT strikes that may be listed will not be unbounded. The proposed MRUT strike prices and limitations are substantively identical to the strike prices and limitations for XSP options, a similar reduced-value contract on a broad-based index. The Exchange believes that the proposed strike price regime for MRUT options, like the current regime for XSP options, will benefit investors by giving them increased flexibility and the ability to more closely tailor their investment and hedging decisions to their needs.⁴³ Additionally, the Exchange believes that it is appropriate to delete the strike price and delisting provisions that were applicable to multiply listed Mini-RUT options, previously listed on multiple exchanges, including the Exchange, and, instead, adopt strike price intervals that are consistent with those for Mini-SPX options, which are listed exclusively on the Exchange, as will also be the case for MRUT options. The Exchange notes that its general delisting policies provided in Rule 4.5 will apply to MRUT options in the same manner that they currently apply to other index options, including Mini-XSP.

The Exchange also believes the proposed initial low appointment weight for Mini-RUT Index options promotes competition and efficiency by incentivizing more Market-Makers to obtain an appointment in the newly listed class. The Exchange believes this may result in liquidity and competitive pricing in this class, which ultimately benefits investors. The Exchange does not believe that the proposed rule change is unfairly discriminatory, as the appointment weight will apply to all Market-Makers in

⁴³ See supra note 23.

this class. Additionally, the proposed appointment weight is the same as the appointment weight for a majority of other Tier AA options classes, as well as a recently listed index option class to likewise promote Market-Maker appointment, liquidity and competitive pricing in that class.⁴⁴

Finally, the Exchange represents that it has the necessary systems capacity to support the new option series given these proposed specifications. The Exchange believes that its existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might arise from listing and trading Mini-RUT options. The Exchange further notes that current Exchange Rules that apply to the trading of other index options traded on the Exchange, such as RUT options, will also apply to the trading of Mini-RUT options, such as, for example, Exchange Rules governing customer accounts, margin requirements and trading halt procedures.

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 as options on the Mini-RUT Index satisfy initial listing standards set forth in the Rules, and MRUT options will be equally available to all market participants who wish to trade such options. The proposed number and type of expirations (i.e., standard, Nonstandard, and QIXs), settlement (standard A.M.), exercise style, application of no position and exercise limits, minimum increments, and strike

⁴⁴ See Rule 5.50(g); and see supra note 33.

price intervals and limitations will apply in the same manner to all options traded on the Mini-RUT Index. In addition to this, the Exchange notes that the proposed initial low Market-Maker appointment cost for Mini-RUT Index options will apply equally to all Market-Makers with an appointment in MRUT options and will promote competition by incentivizing more Market-Makers to obtain an appointment in the newly listed class, resulting in liquidity and competitive pricing within the class.

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 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 noted above, other option products related to the RUT Index, such as ETFs based on the RUT Index (e.g., IWM and VTWO) and E-mini RUT Index futures products, are listed for trading on other exchanges.

The Exchange believes that the proposal to list and trade MRUT options and the proposed rules that will govern the trading of MRUT options on the Exchange will promote competition by providing investors with a relatively low-cost means to hedge their portfolios with a smaller outlay of capital and may facilitate overall participation in the market for RUT options, which may help to maintain the depth and liquidity of the market for RUT options, to the benefit of all investors.

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 Act⁴⁵ and Rule 19b-4(f)(6)⁴⁶ thereunder.

(b) The Exchange designates that the proposed rule change effects a change that (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. Additionally, the Exchange has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

The proposed rule change does not significantly affect the protection of investors or the public interest, as it does not raise any new or unique issues. It relates to listing a new option that satisfies the initial listing standards for broad-based indexes in the

⁴⁵ 15 U.S.C. 78s(b)(3)(A).

⁴⁶ 17 CFR 240.19b-4(f)(6).

Exchange's current rules. The proposed rule change adds administrative details regarding Mini-RUT Index options (related to the reporting authorities for indexes and specifying that the current index value is equal to $1/10^{\text{th}}$ the value of the RUT Index), permissible number and types of expirations (i.e., QIXs and Nonstandard Expirations), standard settlement, and exercise style to applicable rules, and notes that no position or exercise limits will apply, as previously approved by the Commission.⁴⁷ The proposed number and types of expirations, standard settlement, exercise style, and application of no position and exercise limits are consistent with existing rules applicable to full-value options on the RUT Index currently authorized and listed for trading on the Exchange. Because of the relation between the Mini-RUT Index and RUT Index, where the Mini-RUT Index is identical to the RUT Index, just $1/10^{\text{th}}$ the value, and market participants may use both the full- and reduced-value options as a hedging vehicle to meet their investment needs in connection with RUT Index-related products and cash positions, the Exchange believes it is appropriate to have the generally the same features for options that track the RUT Index.

The Exchange does not believe that the proposed minimum increment applicable to MRUT options will significantly affect the protection of investors or the public interest because it is aligned with the minimum increment for IWM options, which also track the price of the RUT Index, and thereby will provide consistency and promote competition for market participants that participate in RUT Index-linked options. The Exchange believes that permitting smaller minimum increments of \$0.01 for MRUT options will benefit investors by providing the opportunity for reduced spreads, thereby lowering

⁴⁷ See supra note 31.

costs to investors. Additionally, the proposed minimum increments are consistent with the minimum increments for Mini-XSP, which are likewise aligned with options on the ETF (SPY) that tracks the same underlying index (SPX).

The Exchange does not believe that the proposed strike interval prices and limitations for MRUT options will significantly affect the protection of investors or the public interest because the proposed rule change closely aligns strike prices for MRUT options with those for RUT options and closely reflect values in the underlying RUT Index, which will benefit investors by allowing them to roll open positions from a lower strike to a higher strike in conjunction with the price movement of the underlying. The proposed exercise price regime for MRUT options is designed to benefit investors by providing the Exchange with the flexibility to respond to customer demand for MRUT option strike prices that relate to current RUT Index values and providing investors with important hedging and trading opportunities by allowing investors (particularly, retail investors) to fine-tune their use of MRUT options to gain exposure to the RUT options market, hedge RUT-Index-related positions, and manage their portfolios. The proposed strike price regime will serve to protect investors and the public interest by adding consistency to the RUT Index options markets and helping to ensure that investors in MRUT options are not at a disadvantage with respect to larger institutional investors in RUT options. The Exchange believes that the proposed rule change will not significantly affect the protection of investors or the public interest because the number of strikes that may be listed will be contained by the percentages above and below the current Mini-RUT Index value, the number of MRUT strikes that may be listed will not be unbounded. Moreover, the proposed MRUT strike prices and limitations are substantively identical to

the strike prices and limitations currently applicable to XSP options, which are also proprietary, reduced-value options on a broad-based index. Like the current regime for XSP options, the Exchange believes that the proposed strike price regime for MRUT options will benefit investors by giving them increased flexibility and the ability to more closely tailor their investment and hedging decisions to their needs. The Exchange believes that because the investor-base for MRUT options are likely to be the same investor-base for XSP options, as they are both designed to provide low-cost means to hedge investors' portfolios in connection with higher-value broad-based indexes (i.e., the RUT and SPX Index) with a smaller outlay of capital, substantively identical Rules for MRUT and XSP options in connection with minimum increments and strike price intervals are appropriate and will provide the same benefits to the intended investor-base for both classes.

With respect to the proposed initial low appointment cost for Mini-RUT Index options, the Exchange believes it will incentivize more Market-Makers to obtain an appointment in the newly listed class. The Exchange believes this may result in liquidity and competitive pricing in this class, which ultimately benefits investors. The proposed rule change does not result in unfair discrimination, as the appointment cost will apply to all Market-Makers in these classes.

Finally, the Exchange believes that the proposed rule change will not significantly affect the protection of investors or the public interest because the Exchange believes that its existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might arise from listing and trading options on Mini-RUT Index. Furthermore, the trading of MRUT options will be subject to Exchange Rules

governing customer accounts, margin requirements and trading halt procedures, among other Rules, which are designed to prevent fraudulent and manipulative acts and practices. The Exchange also believes it has an adequate surveillance program in place to detect manipulative trading in options on the Mini-RUT Index to support the protection of investors and the public interest.

The Exchange does not believe that the proposed rule change will impose any significant burden on competition because MRUT options will be equally available to all market participants who wish to trade such options and the proposed rules that govern trading in MRUT options will apply in the same manner to all options traded on the Mini-RUT Index. The Exchange believes that the listing and trading of MRUT options will promote competition by providing investors with a relatively low-cost means to hedge their portfolios with a smaller outlay of capital and may facilitate overall participation in the market for RUT options, which may help to maintain the depth and liquidity of the market for RUT options, to the benefit of all investors. Additionally, the proposed initial low Market-Maker appointment cost for Mini-RUT Index options will apply equally to all Market-Makers with an appointment in MRUT options and will promote competition by incentivizing more Market-Makers to obtain an appointment in the newly listed class, resulting in liquidity and competitive pricing in the class. The Exchange notes that options on the RUT Index, including reduced-value options as proposed, are proprietary Exchange products. To the extent that the advent of 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.

For the foregoing reasons, this rule filing qualifies as a “non-controversial” rule change under Rule 19b-4(f)(6), which renders the proposed rule change effective upon filing with the Commission. At any time within 60 days of the filing of this proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

(c) Not applicable.

(d) Not applicable.

Item 8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is not based on a rule either of another self-regulatory organization or of the Commission.

Item 9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

Item 10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

Item 11. Exhibits

Exhibit 1. Completed Notice of Proposed Rule Change for publication in the Federal Register.

Exhibit 5. Proposed rule text.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CBOE-2020-118]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to List and Trade Options that Overlie the Mini-Russell 2000 Index (“Mini-RUT” or “MRUT”)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on [insert date], Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to list and trade options that overlie the Mini-Russell 2000 Index (“Mini-RUT” or “MRUT”). The text of the proposed rule change is provided in Exhibit 5.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

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

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

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

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

1. Purpose

The purpose of this proposed rule change is to amend certain rules in connection with the Exchange's plans to list and trade MRUT options.⁵ MRUT options are options on the Mini-RUT Index, the value of which is 1/10th the value of the Russell 2000 ("RUT") Index. The Russell 2000 Index measures the performance of small-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 2,000 U.S.-based securities based on a combination of their market cap and current index membership. The Russell 2000 Index is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. The Russell 2000 Index is a commonly used benchmark

⁵ The Exchange intends to file a Form 19b-4(e) with the Commission for Mini-Russell 2000 Index options pursuant to Rule 19b-4(e) of the Act.

for mutual funds that identify themselves as “small-cap,” and much like the S&P 500 Index (“SPX”), is used to benchmark large capitalization stocks. The Exchange understands that investors often use Russell 2000 Index-related products to diversify their portfolios and benefit from market trends. RUT options currently offer these benefits to investors but may be expensive given their larger notional value and are therefore primarily used by institutional market participants. By contrast, Mini-RUT options are a reduced-value options ($1/10^{\text{th}}$) compared to RUT options that will offer individual investors lower cost options to obtain the potential benefits of options on the Russell 2000 Index. The Exchange believes that investors will benefit from the availability of Mini-RUT option contracts by making options overlying the higher-valued RUT Index more readily available as an investing tool and at more affordable prices for the average retail investor. The Exchange notes that it has previously listed and traded options on the Mini-RUT Index, which were delisted in 2010.⁶

Initial and Maintenance Listing Criteria

The Mini-RUT Index contains the same stocks with the same weightings as the RUT Index and will be calculated in the same manner as the RUT Index, with the exception of being $1/10^{\text{th}}$ the value of the RUT Index. The RUT Index is a broad-based index currently authorized to list and trade on the Exchange, therefore the Mini-RUT Index also meets the definition of a broad-based index as set forth in Rule 4.11 (i.e., an index designed to be representative of a stock market as a whole or of a range of companies in unrelated industries). The index reporting authority, Frank Russell Co., for

⁶ The Exchange notes that when it previously listed and traded reduced-value options on the RUT Index (at $1/10^{\text{th}}$ and $1/5^{\text{th}}$ the value), such options were multiply listed and available for trading on other options exchange. The Exchange now plans list and trade options on the Mini-RUT Index as a proprietary product.

the Mini-RUT Index is the same as for the RUT Index.⁷ Additionally, the Mini-RUT Index (like the RUT Index) satisfies the initial listing criteria of a broad-based index, as set forth in Rule 4.10(f)⁸:

- (1) the index is broad-based, as defined in Rule 4.11;
- (2) options will be A.M.-settled;
- (3) the index is capitalization-weighted, modified capitalization-weighted, price-weighted, or equal dollar-weighted⁹ ;
- (4) the index consists of 50 or more component securities;
- (5) each component security that accounts for at least 95% of the weight of the index has a market capitalization of at least \$75 million, except that for each component security that accounts for at least 65% of the weight of the index has a market capitalization of at least \$100 million;
- (6) Component securities that account for at least 80% of the weight of the index satisfy the requirements of Rule 4.3 applicable to individual underlying securities;
- (7) Each component security that accounts for at least 1% of the weight of the index has an average daily trading volume of at least 90,000 shares during the last six-month period;
- (8) No single component security accounts for more than 10% of the weight of the index, and the five highest weighted component securities in the index do not, in the aggregate, account for more than 33% of the weight of the index;
- (9) Each component security is an NMS stock;
- (10) Non-U.S. component securities (stocks or ADRs) that are not subject to comprehensive surveillance agreements do not, in the aggregate, represent more than 20% of the weight of the index¹⁰ ;

⁷ The proposed rule change adds the reporting authority for the Mini-RUT Index to Rule 4.12(c).

⁸ The Exchange also notes that it may authorize for trading FLEX Options on Mini-RUT if it may authorize for trading a non-FLEX Options on Mini-RUT pursuant to Rule 4.10. See Rule 4.20.

⁹ The Mini-RUT Index is capitalization-weighted.

- (11) the current index value is widely disseminated at least once every 15 seconds by the Options Price Reporting Authority, CTA/CQ, NIDS or one or more major market data vendors during the time options on the index are traded on the Exchange;
- (12) The Exchange reasonably believes it has adequate system capacity to support the trading of options on the index, based on a calculation of the Exchange's current Independent System Capacity Advisor allocation and the number of new messages per second expected to be generated by options on such index;
- (13) An equal dollar-weighted index is rebalanced at least once every calendar quarter;
- (14) If an index is maintained by a broker-dealer, the index is calculated by a third-party who is not a broker-dealer, and the broker-dealer has erected an informational barrier around its personnel who have access to information concerning changes in, and adjustments to, the index¹¹;
- (15) The Exchange has written surveillance procedures in place with respect to surveillance of trading of options on the index.

Options on the Mini-RUT Index will also be subject to the maintenance listing standards set forth in Rule 4.10(g):

- (1) the conditions stated in (1), (2), (3), (9), (10), (11), (12), (13), (14), and (15) above must continue to be satisfied and the conditions stated in (5), (6), (7), (8) above must be satisfied only as of the first day of January and July in each year;
- (2) The total number of component securities in the index may not increase or decrease by more than 10% from the number of component securities in the index at the time of its initial listing.¹²

¹⁰ The Mini-RUT Index is comprised of only U.S. component securities.

¹¹ The index reporting authority, Frank Russell Co., is not a broker-dealer.

¹² As is the case with other index options authorized for listing and trading on Cboe Options, in the event the Mini-RUT Index fails to satisfy the maintenance listing standards, the Exchange will not open for trading any additional series of options

Expiration Months, Settlement, and Exercise Style

Consistent with existing rules for certain index options, including RUT options, the Exchange will allow up to six standard monthly expirations for MRUT options¹³ as well as LEAPS¹⁴. The Exchange may list MRUT options as A.M.-, cash-settled contracts with European-style exercise.¹⁵ A.M.-settlement is consistent with the generic listing criteria for broad-based indexes.¹⁶ The Exchange proposes to amend Rule 4.13(a)(4) to add Mini-RUT Index options to the list of other permissible A.M.-settled options, including RUT options. Also, European-style exercise is consistent with many index options, as set forth in Rule 4.13(a)(3). Standard third-Friday-of-the-month (“Expiration Friday”) RUT and MRUT options, as proposed, are typically A.M.-settled with European-style exercise. The Exchange proposes to amend Rule 4.13(a)(3) to add Mini-RUT Index options to the list of other European-style index options, including RUT options. As discussed above, the Mini-RUT Index consists of all components that are included in the RUT Index but is 1/10th the value of the RUT Index. Because of the relation between the Mini-RUT Index and the RUT Index, both of which market participants may use as a hedging vehicle to meet their investment needs in connection with RUT Index-related products and cash positions, the Exchange believes it is

of that class unless such failure is determined by the Exchange not to be significant and the Commission concurs in that determination, or unless the continued listing of that class of index options has been approved by the Securities and Exchange Commission (the “Commission”) under Section 19(b)(2) of the Securities and Exchange Act (the “Act”).

¹³ See Rule 4.13(a).

¹⁴ Pursuant to Rule 4.13(b), index LEAPS may expire 12-180 months from the date of issuance.

¹⁵ See Rule 4.13(a)(3).

¹⁶ See Rule 4.10(f)(2).

appropriate to permit the same number of monthly expirations for MRUT options as RUT options and to list MRUT options with the same standard settlement and exercise style as RUT options.

Quarterly and Nonstandard Expirations

In addition to this, pursuant to Rule 4.13(c), the Exchange may open for trading Quarterly Index Expirations (“QIXs”) on certain indexes, including the RUT Index. QIXs are index option contracts that expire on the last business day of a calendar quarter. The Exchange proposes to amend Rule 4.13(c) to include QIXs on the Mini-RUT Index. The Exchange notes that there may be up to eight near-term QIXs open for trading in a class and that QIXs are P.M.-settled. Also, the Exchange’s Nonstandard Expirations Pilot Program currently allows it to list Weekly Expirations and End of Month (“EOM”) Expirations on any broad-based index.¹⁷ Weekly and EOM options are P.M., cash-settled and have European-style exercise. The Exchange intends to list MRUT options pursuant to the Nonstandard Expirations Pilot Program and notes that it currently lists RUT options with Nonstandard Expirations pursuant to the program. As stated above, due to the relation between the Mini-RUT Index and the RUT Index, the Exchange believes it is appropriate to list MRUT options with the same available expirations as RUT options. Further, the Exchange notes that Rule 5.1(b)(2)(C), which governs trading days and hours, currently provides that on their last trading day, Regular

¹⁷ See Rule 4.13(e). The Exchange notes that it will provide the Commission with the annual report analyzing volume and open interest of MRUT Weekly and EOM options, as well as information and analysis of Weekly and EOM trading patterns, and index price volatility and share trading activity for series that exceed minimum parameters, pursuant to the Nonstandard Expirations Pilot approval order. See Securities Exchange Act Release 62911 (September 14, 2010), 75 FR 57539 (September 21, 2010) (SR-CBOE-2009-075).

Trading Hours for index options with Nonstandard Expirations and QIXs, may be effected on the Exchange between 9:30 a.m. and 4:00 p.m. Eastern Time¹⁸ (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). Therefore, expiring MRUT options with Nonstandard Expirations and QIXs will also be opened for trading from 9:30 a.m. to 4:00 p.m. on their last trading day pursuant to Rule 5.1(b)(2)(C).

Minimum Increments

The Exchange also proposes to amend Rule 5.4 in connection with minimum increments for bids and offers for MRUT options. Currently, the minimum increments for bids and offers for options on the iShares Russell 2000 ETF (“IWM”), which is an exchange-traded fund (“ETF”) that tracks the performance of the RUT Index, is \$0.01 regardless of whether option series is quoted above, at, or below \$3. Because both Mini-RUT options and IWM options prices are based, overall, on 1/10th the value of the RUT Index, the Exchange believes that it is important that these products have the same minimum increments to promote consistency and competition. As such, the Exchange proposes that for so long as IWM options participate in the Penny Interval Program the minimum increment for MRUT options will be \$0.01 at all prices. The Exchange notes that this is consistent with the minimum increment for Mini-XSP, which is likewise \$0.01 so long as options on the SPDR S&P 500 ETF (“SPY”), an ETF that tracks the SPX Index, participate in the Penny Interval Program, as both Mini-XSP and SPY options are by and large based on 1/10th the value of the SPX Index.¹⁹

¹⁸ See Rule 1.6, which states that unless otherwise specified, all times in the Rules are Eastern Time.

¹⁹ See Securities Exchange Act Release No. 70087 (July 31, 2013), 78 FR 47809

Exercise Prices

The Exchange also proposes to adopt rules regarding permissible exercise prices for Mini-RUT options. Specifically, the proposed rule change amends Interpretation and Policy .01(i)²⁰ to Rule 4.13 provide that, notwithstanding Interpretation and Policies .01(a)²¹, .01(d)²² and .04²³ to Rule 4.13, the exercise prices for new and additional series

(August 6, 2013) (SR-CBOE-2013-055).

- ²⁰ The Exchange notes that, currently, Interpretation and Policy .01(i) and Interpretation and Policy .01(a) houses the exercise price provisions applicable to Mini-RUT options that were in place when the Exchange prior listed and traded options on the Mini-RUT Index, which were multiply listed at the time, and thus based on the strike price interval rules of other options exchanges. See Securities Exchange Act Release No. 60977 (November 10, 2009), 74 FR 59592 (November 18, 2009) (SR-CBOE-2009-086). The Exchange proposes to remove these former strike interval price provisions and implement strike price interval provisions that are consistent with those that govern Mini-XSP options, a proprietary mini-index option like Mini-RUT options today.
- ²¹ Interpretation and Policy .01(a) to Rule 4.13 provides that the interval between strike prices will be no less than \$5.00; provided, the interval between strike prices will be no less than \$2.50 for certain classes of index options.
- ²² Interpretation and Policy .01(d) to Rule 4.13 provides that when new series of index options with a new expiration date are opened for trading, or when additional series of index options in an existing expiration date are opened for trading as the current value of the underlying index to which such series relate moves substantially from the exercise prices of series already opened, the exercise prices of such new or additional series shall be reasonably related to the current value of the underlying index at the time such series are first opened for trading.
- ²³ Interpretation and Policy .04 to Rule 4.13 provides that the Exchange may open for trading additional series of the same class of index options as the current index value of the underlying index moves substantially from the exercise price of those index options that already have been opened for trading on the Exchange. The exercise price of each series of index options opened for trading on the Exchange shall be reasonably related to the current index value of the underlying index to which such series relates at or about the time such series of options is first opened for trading on the Exchange. The term “reasonably related to the current index value of the underlying index” means that the exercise price is within 30% of the current index value. The Exchange may also open for trading additional series of index options that are more than 30% away from the current index value, provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate, or individual customers or their brokers.

of Mini-RUT options shall be listed subject to the following:

(1) if the current value²⁴ of the Mini-RUT is less than or equal to 20, the Exchange shall not list series with an exercise price of more than 100% above or below the current value of the Mini-RUT;

(2) if the current value of the Mini-RUT is greater than 20, the Exchange shall not list series with an exercise price of more than 50% above or below the current value of the Mini-RUT; and

(3) the lowest strike price interval that may be listed for standard Mini-RUT options, including LEAPS, is \$1, and the lowest strike price interval that may be listed for series of Mini-RUT listed under the Nonstandard Expirations Pilot Program in Rule 4.13(e) and for QIX Mini-RUT options is \$0.50.

Pursuant to current Interpretation and Policy .01(a) to Rule 4.13, index options have strike price intervals of \$5 or greater. This includes strike price intervals for options on the RUT Index.²⁵ The Exchange believes that MRUT options, which have 1/10th the value of the RUT options, should therefore be permitted smaller strike price intervals than RUT options. As stated, MRUT options will allow smaller-scale investors to gain broad exposure to the RUT options market and hedge RUT Index-related positions with a manageably sized contract and the proposed finer strike prices for MRUT options will permit strike prices accordingly aligned with RUT options. For example, if the RUT

²⁴ The proposed rule change makes this value explicit by updating Interpretation and Policy .06 to Rule 4.13 to provide that the current index value current index value of reduced-value options on the S&P 500 Stock Index (“Mini-SPX options”) and reduced-value options on the Russell 2000 Index (“Mini-RUT options”) shall be one-tenth (1/10th) the value of the applicable underlying index reported by the Reporting Authority.

²⁵ Unless the strike price is \$200 or less, then the intervals may be no less than \$2.50. See Interpretation and Policy .01(a) to Rule 4.13.

Index value was 2700, then the Mini-RUT Index value would be 270. RUT options would be permitted to be listed with strikes of 2710, 2720, and 2730. Corresponding standard and QIX MRUT options strikes, as proposed, would be 271, 272, and 273; as opposed to strikes of only 270 and 275, as permitted under the current Rule. The proposed \$1 strike interval for standard options will permit the listing of series with strikes that correspond to RUT option strikes. The Exchange, however, recognizes the proposed \$1 strike approach for MRUT options alone does not achieve full harmonization between strikes in MRUT options and RUT options. For example, if there was a 2715 strike in RUT options, the \$1 strike interval would not permit the Exchange to list a corresponding 271.5 strike in MRUT options. Therefore, the Exchange also proposes \$0.50 strike price intervals for MRUT options with Nonstandard Expirations and for QIX MRUT options. The Exchange believes that smaller strike intervals for MRUT options with Nonstandard and QIX expirations (all of which are “nonstandard” expirations with P.M.-settlement, and, at times, have expirations that coincide)²⁶ will provide market participants with more efficient hedging and trading opportunities. The proposed \$0.05 strike setting regime would permit strikes on a more refined scale that, at times, will more closely reflect values in the underlying RUT Index and allow market participants to roll open positions from a lower strike to a higher strike in conjunction with the price movement of the underlying.

The Exchange notes that the proposed strike interval prices for MRUT options are substantively the same as those for options on the Mini-SPX Index (which are 1/10th the

²⁶ For example, every third EOM expiration corresponds to a quarterly expiration.

value of SPX options).²⁷ The Exchange believes these permissible strike prices will permit the Exchange to list MRUT options with strikes that closely reflect the current values of the RUT Index, as they provide more flexibility and will allow the Exchange to better respond to customer demand for MRUT option strike prices that relate to current RUT Index values. In addition, the Exchange believes that because the number of strikes that may be listed will be contained by the percentages above and below the current Mini-RUT Index value (as further discussed below) there is no need to restrict the use of \$1 or \$0.50 strike price intervals based on the amount of the strike price. Rather, the Exchange may determine to list strikes in \$1 or \$0.50 intervals, as applicable, or higher based on the level of the Mini-RUT Index, customer demand and the need to list scaled strikes in reduced-value MRUT options that correspond to strikes in full-value RUT options. The Exchange believes the proposed strike price intervals for MRUT options will allow retail investors to better use MRUT options to gain exposure to the RUT options market, hedge their positions in RUT Index-related instruments and cash positions in the RUT Index, and tailor their investment strategies with the same precision as market participants in RUT options.

Additionally, the proposed strike price range limitations for MRUT options are closely aligned with the strike price range limitations for equity and ETF options

²⁷ See Interpretation and Policy .10 to Rule 4.13; and see Securities Exchange Act Release Nos. 72482 (June 26, 2014), 79 FR 37825 (July 2, 2014) (SR-CBOE-2014-051) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Strike Settings for Mini-S&P 500 Index Options); and 72991 (September 4, 2014), 79 FR 53794 (September 10, 2014) (SR-CBOE-2014-069) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to XSP and DJX Strike Price Listings). The Exchange notes that it does not propose to add MRUT options to the Short Term Options Series Program, and therefore, does not include strike interval prices for these options in the proposed rule as it does for XSP options.

pursuant to the Rule 4.7(b) and the Options Listing Procedure Plan (“OLPP”).²⁸ The OLPP and Rule 4.7(b) set forth exercise price range limitations for equity and ETF options which differ from the general exercise price range limitations for index options set forth in Interpretations and Policies .01(d) and .04 to Rule 4.13. The Exchange also notes that the exercise price range limitations currently in place for Mini-SPX options differ from the limitations in Interpretations and Policies .01(d) and .04 to Rule 4.13 and, instead, are consistent with the OLPP limitations.²⁹ Interpretation and Policy .01(d) requires the exercise price of each series of index options to be reasonably related to the current index value of the underlying index to which the series relates at time the series is first opened for trading on the Exchange. “Reasonably related to the current index value of the underlying index” means the exercise price must be within 30% of the current index value.³⁰ Pursuant to Interpretation and Policy .04 to Rule 4.13, the Exchange may also open for trading additional series of index options that are more than 30% away from the current index value, provided that demonstrated customer interest exists for the series. Therefore, if the value of the Mini-RUT Index is \$200, under the current Rules providing general exercise price range limitations for index options, the Exchange may only list strikes ranging from \$140 to \$260 (i.e., 30% above and below the current value). Pursuant to the OLPP and Rule 4.7(b) strike price limitations for equity and ETF options, however, if the underlying price of an equity or ETF option is \$200, the Exchange is permitted to list strikes ranging from \$100 through \$300 (i.e., 50% above and below the current value). Therefore, by applying the OLPP limitations, as proposed, if the value of

²⁸ See Rule 4.7(b)

²⁹ See supra note 27.

³⁰ See supra note 23.

the Mini-RUT Index is \$200, the Exchange will be able to list strikes ranging 50% above and below the current value of the index. The Exchange believes the proposed exercise price limitations for MRUT options will put such options on equal standing with equity and ETF options, as well as Mini-SPX options, in connection with exercise price limitations and, as a result, will allow the Exchange to list strikes that more closely reflect the current values in the RUT Index and to better respond to customer demand for MRUT options strike prices that better relate to current RUT Index values.

Finally, the Exchange notes that the proposed rule change removes current Interpretation and Policy .01(i)(1) through (4) to Rule 4.13, as well as the references to reduced-value Russell 2000 Index options in Interpretation and Policy .01(a) to Rule 4.13, which contain the strike price provisions and delisting policy applicable to the multiply listed Mini-RUT options that were previously listed on the Exchange.³¹ The Exchange notes that other exchanges that also listed Mini-RUT options at that time adopted substantially the same strike price rules and delisting policies for Mini-RUT options as provided in current Interpretation and Policy .01(i)(1) through (4).³² For the reasons described above, the Exchange wishes to adopt strike price intervals and limitations that are consistent with those for Mini-SPX options, which is a proprietary product traded exclusively on the Exchange, as will be the case for the MRUT options that the Exchange now proposes to list and trade.³³ The Exchange notes that its general delisting policies provided in Rule 4.5 will apply to MRUT options in the same manner

³¹ These were delisted in 2010.

³² See e.g., Securities and Exchange Act Release Nos. 60977 (November 10, 2009), 74 FR 59592 (November 18, 2009) (SR-CBOE-2009-086); and 60637 (September 9, 2009), 74 FR 47634 (September 16, 2009) (SR-Phlx-2009-77).

³³ See supra note 6.

that they currently apply to other index options, including Mini-XSP, pursuant Interpretation and Policy .01 to Rule 4.13.³⁴

Position and Exercise Limits

Rule 8.31 governs position limits for broad-based index options, and currently provides that there shall be no position limits for broad-based index option contracts (including reduced-value option contracts) on, among other broad-based index option contracts, the RUT Index. Rule 8.42 governs exercise limits and Rule 8.42(b) specifically provides that there shall be no exercise limits for broad-based index options (including reduced-value option contracts) on, among other broad-based index option contracts, the RUT Index. Therefore, there will be no position or exercise limits for Mini-RUT option contracts upon their listing and trading as they are reduced-value option contracts on the RUT Index. The Exchange notes that the Commission has previously approved the Exchange Rules codifying that there are no position or exercise limits on reduced-value option contracts, the filing of which specifically included reduced-value option contracts on the RUT Index.³⁵

Appointment Weights

³⁴ The Exchange notes that the proposed rule change corrects the reference to Rule 4.5 in Interpretation and Policy .01 to Rule 4.13, which was a carry-over error as a result of the migration of the Exchange's Rulebook in 2019. See Securities and Exchange Act Release No. 87337 (October 17, 2020), 84 FR 56879 (October 23, 2019) (SR-CBOE-2019-092).

³⁵ See Securities Exchange Release No. 56350 (September 4, 2007), 72 FR 51878 (September 11, 2007) (SR-CBOE-2007-79) (Order Granting Accelerated Approval of Proposed Rule Change and Amendment No. 1 Thereto To Eliminate Position and Exercise Limits for Options on the Russell 2000 Index, and To Specify That Certain Reduced-Value Options on Broad-Based Security Indexes Have No Position and Exercise Limits).

The Exchange proposes to add options on the Mini-RUT Index as a Tier AA class with a Market-Maker appointment weight of .001.³⁶ This is the same appointment weight as a majority of the other Tier AA options classes. The Exchange determines appointment weights of Tier AA classes based on several factors, including, but not limited to, competitive forces and trading volume. The Exchange believes the proposed initial appointment weight of .001 for Mini-RUT Index options will foster competition by incentivizing Market-Makers to obtain an appointment in these newly listed options, which may increase liquidity in the new class. The Exchange notes that it recently listed options on the S&P 500 ESG Index, to which it also assigned an appointment weight of .001 for the same reasons — to incentivize Market-Makers to obtain appointments and provide increased liquidity in a newly listed class.³⁷

Capacity

The Exchange has analyzed its capacity and represents that it believes the Exchange and OPRA have the necessary systems capacity to handle the additional traffic associated with the listing of new series that may result from the introduction of the Mini-RUT Index options up to the proposed number of possible expirations. Because the

³⁶ See Rule 5.50(g). RUT Index options and IWM options are also in Tier AA. While the appointment weights of Tier AA classes are not subject to quarterly rebalancing under Rule 5.50(g)(1), the Exchange regularly reviews the appointment weights of Tier AA classes to ensure that they continue to be appropriate. The Exchange determines appointment weights of Tier AA classes based on several factors, including, but not limited to, competitive forces and trading volume.

³⁷ See Securities Exchange Act Release No. 89749 (September 2, 2020), 85 FR 55723 (September 9, 2020) (SR-CBOE-2020-080) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To List and Trade Options That Overlie the S&P 500 ESG Index).

proposal is limited to one class, the Exchange believes any additional traffic that may be generated from the introduction of Mini-RUT Index options will be manageable.

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.³⁸ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)³⁹ 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)⁴⁰ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that the proposal to list and trade options on the Mini-RUT Index will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest, because the Exchange believes that the proposed rule change will further the Exchange’s goal of introducing innovative products to the marketplace. The

³⁸ 15 U.S.C. 78f(b).

³⁹ 15 U.S.C. 78f(b)(5).

⁴⁰ Id.

Exchange particularly believes that the proposed rule change will benefit investors, as the Exchange believes there is unmet market demand for exchange-listed security options that track the RUT Index. ETFs based on the RUT Index (e.g., IWM and Vanguard Russell 2000 ETF (“VTWO”)) and E-mini RUT Index futures products are listed and traded on other exchanges. The Exchange believes that Mini-RUT Index options are designed to provide additional, relatively low-cost opportunities for investors, particularly retail investors, to hedge or speculate on the market risk and meet their investment needs associated with the RUT Index and RUT Index-linked products by listing an option on 1/10th the value of this index. More specifically, the lower cost of MRUT options is designed to allow investors to hedge their portfolios with a smaller outlay of capital and may facilitate overall investor participation in the market for RUT options, which should, in turn, help to maintain the depth and liquidity of the market for RUT options, to the benefit of investors.

The Exchange believes the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system, because it is consistent with current Rules, previously filed with the Commission. Particularly, the Mini-RUT Index options satisfy the initial listing standards for broad-based indexes in the Exchange’s current Rules, which the Commission previously approved as consistent with Act.⁴¹ The proposed rule change to add the Mini-RUT Index to the table regarding reporting authorities for indexes, to the list of European-style exercise index options, to the list of A.M.-settled index options and to the list of index options with QIXs, to add

⁴¹ See Securities Exchange Act Release No. 34-53266 (February 9, 2006), 71 FR 8321 (February 16, 2006) (SR-CBOE-2005-59) (Order Approving Generic Listing Standards for Options on Broad-based Indexes).

MRUT options to the Nonstandard Expiration Pilot Program,⁴² to permit the standard number of expirations for MRUT options, and to allow for no position or exercise limits to apply to MRUT option contracts (as previously approved by the Commission specifically for reduced-value option contract on the RUT Index),⁴³ is consistent with existing Rules governing broad-based index options currently authorized and listed for trading on the Exchange. The Exchange notes that with respect to these changes, RUT options currently have the same reporting authority, number of permissible expirations, standard (A.M.) settlement and exercise style, may open QIXs for trading, are part of the Nonstandard Expiration Pilot Program, and are not subject to position or exercise limits.⁴⁴ The Exchange has observed no trading or capacity issues in RUT trading given the number and type of permissible expirations, standard settlement, European-style exercise and application of no position and exercise limits. Because the same components comprise the RUT Index and the Mini-RUT Index, market participants may use either as a hedging vehicle to meet their investment needs in connection with RUT Index-related products and cash positions, and, therefore, the Exchange believes it is appropriate to provide generally consistent features between the full- and reduced-value options on the RUT Index.

The Exchange believes that adopting a minimum increment of \$0.01 for MRUT options, aligned with the minimum increment for IWM options (which is also 1/10th the value of the RUT Index), will remove impediments to and perfect the mechanism of a free and open market and national market system by promoting competition and

⁴² See supra note 17.

⁴³ See supra note 35.

⁴⁴ See Rules 4.12(c), 4.13(a)(2) through (4), 4.13(c), Rule 8.31, and Rule 8.42(b).

providing consistency for market participants that participate in products that track the price of the RUT Index. The Exchange believes that aligning the minimum increments for MRUT options with those for IWM options will allow market participants to quote in smaller minimum increments of \$0.01, which may provide the opportunity for reduced spreads, thereby lowering costs to investors.⁴⁵ This proposed rule change is also consistent with the minimum increments for Mini-XSP, which are \$0.01 and likewise aligned with options on the ETF (SPY) that tracks the same underlying index (SPX) and is similarly 1/10th the value of the SPX Index.⁴⁶

With respect to the proposed permissible exercise prices for MRUT options, the proposed rule change is designed to closely align MRUT option strike prices with those of RUT option strike prices. The proposed exercise price regime will provide the Exchange with the flexibility to respond to customer demand for MRUT option strike prices that relate to current RUT Index values and closely reflect values in the underlying RUT Index, which will allow investors to roll open positions from a lower strike to a higher strike in conjunction with the price movement of the underlying. The Exchange believes that the proposed strike prices will afford investors important hedging and trading opportunities by allowing investors (particularly, retail investors) to fine-tune their use of MRUT options to gain exposure to the RUT options market, hedge RUT-Index-related positions, and manage their portfolios. The proposed rule change will add consistency to the RUT Index options markets and will help ensure that investors in MRUT options are not at a disadvantage with respect to larger institutional investors in RUT options. The Exchange believes that because the number of strikes that may be

⁴⁵ See supra note 19.

⁴⁶ See id.

listed will be contained by the percentages above and below the current Mini-RUT Index value, the number of MRUT strikes that may be listed will not be unbounded. The proposed MRUT strike prices and limitations are substantively identical to the strike prices and limitations for XSP options, a similar reduced-value contract on a broad-based index. The Exchange believes that the proposed strike price regime for MRUT options, like the current regime for XSP options, will benefit investors by giving them increased flexibility and the ability to more closely tailor their investment and hedging decisions to their needs.⁴⁷ Additionally, the Exchange believes that it is appropriate to delete the strike price and delisting provisions that were applicable to multiply listed Mini-RUT options, previously listed on multiple exchanges, including the Exchange, and, instead, adopt strike price intervals that are consistent with those for Mini-SPX options, which are listed exclusively on the Exchange, as will also be the case for MRUT options. The Exchange notes that its general delisting policies provided in Rule 4.5 will apply to MRUT options in the same manner that they currently apply to other index options, including Mini-XSP.

The Exchange also believes the proposed initial low appointment weight for Mini-RUT Index options promotes competition and efficiency by incentivizing more Market-Makers to obtain an appointment in the newly listed class. The Exchange believes this may result in liquidity and competitive pricing in this class, which ultimately benefits investors. The Exchange does not believe that the proposed rule change is unfairly discriminatory, as the appointment weight will apply to all Market-Makers in this class. Additionally, the proposed appointment weight is the same as the appointment weight for a majority of other Tier AA options classes, as well as a recently listed index

⁴⁷ See supra note 27.

option class to likewise promote Market-Maker appointment, liquidity and competitive pricing in that class.⁴⁸

Finally, the Exchange represents that it has the necessary systems capacity to support the new option series given these proposed specifications. The Exchange believes that its existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might arise from listing and trading Mini-RUT options. The Exchange further notes that current Exchange Rules that apply to the trading of other index options traded on the Exchange, such as RUT options, will also apply to the trading of Mini-RUT options, such as, for example, Exchange Rules governing customer accounts, margin requirements and trading halt procedures.

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 as options on the Mini-RUT Index satisfy initial listing standards set forth in the Rules, and MRUT options will be equally available to all market participants who wish to trade such options. The proposed number and type of expirations (i.e., standard, Nonstandard, and QIXs), settlement (standard A.M.), exercise style, application of no position and exercise limits, minimum increments, and strike price intervals and limitations will apply in the same manner to all options traded on the Mini-RUT Index. In addition to this, the Exchange notes that the proposed initial low

⁴⁸ See Rule 5.50(g); and see supra note 37.

Market-Maker appointment cost for Mini-RUT Index options will apply equally to all Market-Makers with an appointment in MRUT options and will promote competition by incentivizing more Market-Makers to obtain an appointment in the newly listed class, resulting in liquidity and competitive pricing within the class.

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 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 noted above, other option products related to the RUT Index, such as ETFs based on the RUT Index (e.g., IWM and VTWO) and E-mini RUT Index futures products, are listed for trading on other exchanges.

The Exchange believes that the proposal to list and trade MRUT options and the proposed rules that will govern the trading of MRUT options on the Exchange will promote competition by providing investors with a relatively low-cost means to hedge their portfolios with a smaller outlay of capital and may facilitate overall participation in the market for RUT options, which may help to maintain the depth and liquidity of the market for RUT options, to the benefit of all investors.

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

Because the foregoing proposed rule change does not:

- A. significantly affect the protection of investors or the public interest;
- B. impose any significant burden on competition; and
- C. become operative for 30 days from the date on which it was filed, or such

shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁴⁹ and Rule 19b-4(f)(6)⁵⁰ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

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

⁴⁹ 15 U.S.C. 78s(b)(3)(A).

⁵⁰ 17 CFR 240.19b-4(f)(6).

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-2020-118 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-2020-118. 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-2020-118 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.⁵¹

Secretary

⁵¹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

* * * * *

Rules of Cboe Exchange, Inc.

* * * * *

Rule 4.12. Dissemination of Information

* * * * *

(c) The reporting authorities designated by the Exchange in respect of each index underlying an index option contract traded on the Exchange are as follows:

<i>Index</i>	<i>Reporting Authority</i>
	* * * * *
Russell 2000	Frank Russell Co.
<u>Russell 2000 (1/10th)</u>	<u>Frank Russell Co.</u>
	* * * * *

Rule 4.13. Series of Index Options(a) *General.*

* * * * *

(3) “European-Style Exercise.” The following European-style index options, some of which are A.M.-settled as provided in subparagraph (a)(4), are approved for trading on the Exchange:

S&P 500 Stock Index

Russell 2000 Index

S&P 100 Stock Index

Nasdaq 100

Mini-SPX Index

Mini-RUT Index

* * * * *

(4) *A.M.-Settled Index Options*. The last day of trading for non-Volatility A.M.-settled index options shall be the business day preceding the last day of trading in the underlying securities prior to expiration. The last day of trading for Volatility Index, Individual Stock or ETF Based Volatility Index options that measure a 30-day volatility period is governed by subparagraph (5) below and the last day of trading for VXST options is governed by subparagraph (6) below. The current index value at the expiration of an A.M.-settled index option shall be determined, for all purposes under these Rules and the Rules of the Clearing Corporation, on the last day of trading in the underlying securities prior to expiration, by reference to the reported level of such index as derived from the opening prices (intra-day auction prices in the case of FTSE 100 options and closing prices in the case of China 50 options) of the underlying securities on such day, as determined by the market for such security selected by the Reporting Authority pursuant to Interpretation and Policy .09 to Rule 4.13, except that in the event that the primary market for an underlying security does not open for trading, halts trading prematurely, or otherwise experiences a disruption of normal trading on that day, or in the event that the primary market for an underlying security is open for trading on that day, but that particular security does not open for trading, halts trading prematurely, or otherwise experiences a disruption of normal trading on that day, the price of that security shall be determined, for the purposes of calculating the current index value at expiration, as set forth in Rule 5.20(e). The current index level at the expiration of an A.M.-settled S&P 500 Dividend Index option shall be a special quotation of the S&P 500 Dividend Index as determined by the Reporting Authority pursuant to Interpretation and Policy .09 to Rule 4.13, except that in the event that the Reporting Authority is unable to calculate a special quotation of the S&P 500 Dividend Index, the special quotation shall be determined, for the purposes of calculating the current index value at expiration, as set forth in Rule 5.20(e).

The following A.M.-settled index options are approved for trading on the Exchange:

S&P 500 Stock Index

Russell 2000 Index

Mini-SPX Index

Mini-RUT Index

* * * * *

(c) *Quarterly Index Expirations or QIXs*. The Exchange may open for trading QIXs on the S&P 100 Index, S&P 500 Index, Mini-SPX Index, [and] Russell 2000 [indices]Index and Mini-RUT Index. QIXs shall be subject to the provisions of paragraph (a) of this Rule except that, notwithstanding the provisions of paragraph (a)(2) of this Rule, there may be up to eight near-term quarterly expirations open for trading in a class and, notwithstanding the provisions of paragraph (a)(4) of this Rule, QIXs on the S&P 500 Index, Mini-SPX Index, [and] Russell 2000

Index [stock indices] and Mini-RUT Index shall be P.M.-settled index options. The index multiplier for QIXs may be 100 or 500.

* * * * *

Interpretations and Policies

.01 The procedures for adding and deleting strike prices for index options are provided in Rule [5]4.5 and Interpretations and Policies related thereto, as otherwise generally provided by Rule 4.13, and include the following:

(a) The interval between strike prices will be no less than \$5.00; provided, that in the case of the following classes of index options, the interval between strike prices will be no less than \$2.50:

Reduced-value LEAPs

Russell 2000 Index, if the strike price is less than \$200.00

Reduced-value options on the S&P 500 Stock Index

S&P SmallCap 600 Index, if the strike price is less than \$200.00

S&P 500 Dividend Index, if the strike price exceeds 200 scaled index points

Reduced-value Nasdaq 100 Index options

Russell 1000 Index, if the strike price is less than \$200.00

Cboe Volatility Index® (VIX®)

European-Style Exercise S&P 100 Index Options (XEO) (1/5 th value), if the strike price is less than \$200.00

[Russell 2000 Index (1/10 th value), if the strike price is less than \$200.00]

[Russell 2000 Index (1/5 th value), if the strike price is less than \$200.00]

* * * * *

(i) Notwithstanding Interpretation and Polic[ies] .01(a), .01(d) and .04 to Rule 4.13, the exercise prices for new and additional series of Mini-RUT options shall be listed subject to the following [interval between strike prices of series of Mini-Russell 2000 Index (“RMN” or “Mini-RUT”) options will be \$1 or greater, subject to following conditions]:

(1) If the current value of the Mini-RUT is less than or equal to 20, the Exchange shall not list series with an exercise price of more than 100% above or below the current value of the Mini-RUT;

(2) If the current value of the Mini-RUT is greater than 20, the Exchange shall not list series with an exercise price of more than 50% above or below the current value of the Mini-RUT; and

(3) The lowest strike price interval that may be listed for standard Mini-RUT options, including LEAPS, is \$1, and the lowest strike price interval that may be listed for series of Mini-RUT listed under the Nonstandard Expirations Pilot Program in Rule 4.13(e) and for QIX Mini-RUT options is \$0.50.

[(1) *Initial Series.* The Exchange may list series at \$1 or greater strike price intervals for Mini-RUT options, if the strike price is less than \$200, and will list at least two strike prices above and two strike prices below the current value of the RMN at about the time a series is opened for trading on the Exchange. The Exchange shall list strike prices for Mini-RUT options that are within 5 points from the closing value of the RMN on the preceding day.

(2) *Additional Series.* Additional series of the same class of Mini-RUT options may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the underlying RMN moves substantially from the initial exercise price or prices. To the extent that any additional strike prices are listed by the Exchange, such additional strike prices shall be within 30% above or below the closing value of the RMN. The Exchange may also open additional strike prices that are more than 30% above or below the current RMN value, provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market-Makers trading for their own account shall not be considered when determining customer interest under this provision. In addition to the initial listed series, the Exchange may list up to 60 additional series per expiration month for each series in Mini-RUT options. In all cases, however, \$1 strike prices intervals may be listed on Mini-RUT options only where the strike price is less than \$200.

(3) The Exchange shall not list LEAPS on Mini-RUT options at intervals less than \$2.50.

(4)

(A) *Delisting Policy.* With respect to Mini-RUT options added pursuant to the above paragraphs, the Exchange will, on a monthly basis, review series that are outside a range of five strikes above and five strikes below the current value of the RMN, and delist series with no open interest in both the put and the call series having a: (i) strike higher than the highest strike price with open interest in the put and/or call series for a given expiration month; and (ii) strike lower than the lowest strike price with open interest in the put and/or call series for a given expiration month.

(B) Notwithstanding the above referenced delisting policy, customer requests to add strikes and/or maintain strikes in Mini-RUT option series eligible for delisting shall be granted.

(C) In connection with the above referenced delisting policy, if the Exchange identifies series for delisting, the Exchange shall notify other options exchanges with similar delisting policies regarding eligible series for delisting, and shall work with such other exchanges to develop a uniform list of series to be delisted, so as to ensure uniform series delisting of multiply listed Mini-RUT options.]

* * * * *

.06 The current index value of reduced-value options on the S&P 500 Stock Index (“Mini-SPX options”) and reduced-value options on the Russell 2000 Index (“Mini-RUT options”) shall be one-tenth (1/10th) the value of the applicable underlying index reported by the Reporting Authority.

* * * * *

Rule 5.4. Minimum Increments for Bids and Offers

(a) Simple Orders for Equity and Index Options. The minimum increments for bids and offers on simple orders for equity and index options are as follows:

Class	Increment	Series Trading Price
Class Not Participating in Penny Interval Program (including all series of VIX options if the Exchange does not list VIX on a group basis pursuant to Rule 4.13) and series of VIX Options not listed under the Nonstandard Expirations Pilot Program (if the Exchange lists VIX on a group basis pursuant to Rule 4.13)	\$0.05	Lower than \$3.00
	\$0.10	\$3.00 and higher
Class Participating in Penny Interval Program	\$0.01	Lower than \$3.00
	\$0.05	\$3.00 and higher
QQQs, IWM, and SPY, and [Mini-SPX Index Options (JXSP[])] (as long as SPDR options (SPY) participate in the Penny Interval Program) <u>and MRUT options (as long as iShares Russell 2000 ETF options (IWM) participate in the Penny Interval Program)</u>	\$0.01	All prices
Series of VIX Options listed under the Nonstandard Expirations Pilot Program (if the Exchange lists VIX on a group basis pursuant to Rule 4.13)	\$0.01	All prices

Options on the Dow Jones Industrial Average (DJX), as long as Diamonds options (DIA) participate in the Penny Interval Program \$0.01 Lower than \$3.00 \$0.05 \$3.00 and higher

Mini-Options Same as permitted for standard options on the same security

* * * * *

Rule 5.50. Market-Maker Appointments

* * * * *

(g) *Appointment Weights.* A Market-Maker may select for each of its Trading Permits any combination of class appointments. All classes are placed within a specific tier according to trading volume statistics (except for the AA tier) and assigned an “appointment weight” depending upon its tier location as follows:

Appointment Unit Tier	Option Classes	Appointment Weight
AA	Options on the Cboe Volatility Index (VIX)	.500**
* * * * *		
	<u>Options on the Mini-RUT Index (MRUT)</u>	<u>.001</u>
A*	Classes 1 - 60	.100
B*	Classes 61 - 120	.060
C*	Classes 121 - 345	.040
D*	Classes 346 - 570	.025
E*	Classes 571 - 999	.015
F*	All Remaining Classes	.001
* Excludes Tier AA.		
** If the Exchange determines to list SPX or VIX on a group basis pursuant to Rule 4.13, the SPX or VIX appointment weight, as applicable, confers the right to trade in all SPX or VIX groups.		

* * * * *