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

Page 1 of * 28

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

File No.* SR - 2020 - * 089
Amendment No. (req. for Amendments *)

Filing by Cboe BZX Exchange, Inc.

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

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

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

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

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

Section 806(e)(1) * ☐

Section 806(e)(2) * ☐

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

Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

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

The Exchange proposes to amend its Fees Schedule.

Contact Information

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

First Name * Rebecca Last Name * Tenuta

Title * Counsel

E-mail * rtenuta@cboe.com

Telephone * (312) 786-7068 Fax

Signature

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

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

Date 12/10/2020

By Laura G. Dickman

(Name *)

(Title *)

VP, Associate General Counsel

ldickman@cboe.com

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.

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

Add Remove View

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

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

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

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

Add Remove View

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

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

Add Remove View

Exhibit Sent As Paper Document

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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

Add Remove View

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

Add Remove View

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

Exhibit 5 - Proposed Rule Text

Add Remove View

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

Partial Amendment

Add Remove View

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

Item 1. Text of the Proposed Rule Change

(a) Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),[1] and Rule 19b-4 thereunder,[2] Cboe BZX Exchange, Inc. (the "Exchange" or "BZX") is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to amend its Fee Schedule. The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

Item 2. Procedures of the Self-Regulatory Organization

(a) The Exchange's President (or designee) pursuant to delegated authority approved the proposed rule change on November 30, 2020.

(b) Please refer questions and comments on the proposed rule change to Pat Sexton, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-7467, or Rebecca Tenuta, Counsel, (312) 786-7068.

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

(a) Purpose

The Exchange proposes to amend its fee schedule for its equity options platform ("BZX Options") by removing certain fee codes related to routed orders and by updating

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

2 17 CFR 240.19b-4.

certain fee codes in connection with routing orders in SPY options to Nasdaq PHLX LLC ("PHLX").[3]

The Exchange first notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange is only one of 16 options venues to which market participants may direct their order flow. Based on publicly available information, no single options exchange has more than 16% of the market share and currently the Exchange represents approximately 8% of the market share.[4] Thus, in such a low-concentrated and highly competitive market, no single options exchange, including the Exchange, possesses significant pricing power in the execution of option order flow. The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow or discontinue to reduce use of certain categories of products, in response to fee changes. Accordingly, competitive forces constrain the Exchange's transaction fees, and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable.

The Exchange assesses fees in connection with orders routed away to various exchanges. Currently, under the Fee Codes and Associated Fees section of the Fee Schedule, fee codes D1, D2, D3 and D4 are appended to Members' Directed ISOs, a

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3 The Exchange initially filed the proposed fee changes on December 1, 2020 (SR-CboeBZX-2020-086). On December 9, 2020, the Exchange withdrew that filing and submitted this proposal.

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

routing option under which an intermarket sweep order ("ISO") entered by a User bypasses the System and is sent by the System to another options exchange specified by the User.[5] Specifically, these fee codes function as follows:

- fee code D1 is appended to Directed ISOs to Nasdaq Options Market LLC ("NOM"), NYSE Arca, Inc. ("ARCA") or ISE Gemini, LLC ("ISE Gemini") in Non-Penny classes and assesses a charge of $1.25 per contract;
- fee code D2 is appended to Non-Customer Directed ISOs to Nasdaq BX Options ("BX") in Non-Penny classes and assesses a charge of $0.95 per contract;
- fee code D3 is appended to Non-Customer Directed ISOs to Cboe C2 Exchange, Inc. ("C2") or PHLX and assesses a charge of $0.95 per contract; and
- fee code D4 is appended to Directed ISOs (unless otherwise specified in the Fee Schedule) and assesses a charge of $0.85 per contract.

The Exchange has observed a minimal amount of volume in recent months in orders yielding fee codes D1, D2, D3 or D4. The Exchange believes that, because so few Users elect to route their orders as Directed ISOs, the current demand does not warrant the infrastructure and ongoing Systems maintenance required to support separate fee codes specifically applicable to Directed ISOs. Therefore, the Exchange now proposes to delete fee codes D1, D2, D3 and D4 in the Fee Schedule. The Exchange notes that Users will continue to be able to choose to route their orders as Directed ISOs and such orders will be assessed the fees currently in place for routed orders generally (i.e., fee codes RN,[6] RO,[7] RP,[8] RQ[9] and RR[10]) as follows:

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5 See Rule 21.9(a)(2)(D).

6 Fee code RN is appended to routed Non-Customer orders in Penny Program classes and assesses a charge of $0.90 per contract.

- a Directed ISO to which fee code D1 would have prior been appended (routed to NOM, ARCA or ISE Gemini in a Non-Penny class) will yield fee code RR, if it is a Customer order , which is appended to Customer orders in Non-Penny classes routed to NOM, ARCA or ISE Gemini (among other exchanges) and assesses a charge of $1.25 per contract, or will yield fee code RO, if it is a Non-Customer order, which is appended to routed Non-Customer orders in Non-Penny classes and also assesses a charge of $1.25 per contract;
- a Directed ISO to which fee code D2 would have prior been appended (Non-Customer to BX in a Non-Penny class) will yield fee code RO;
- a Directed ISO to which fee code D3 would have prior been appended (Non-Customer to C2 or PHLX) will yield fee code RN, if in a Penny class, which is appended to Non-Customer orders routed in Penny classes and assesses a charge of $0.90 per contract, or will yield fee code RO, if it is in a Non-Penny class; and
- a Directed ISO to which fee code D4 would have prior been appended (unless otherwise specified) may yield any of fee codes RN, RO, RP, RQ and RR, depending on whether the order is a 1) routed Customer order in a Penny class (to

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7 Fee code RO is appended to all routed Non-Customer orders in Non-Penny classes and assesses a charge of $1.25 per contract.

8 Fee code RP is appended to routed Customer orders to AMEX, BOX, BX, Cboe, EDGX Options, ISE Mercury, MIAX or PHLX and assesses a charge of $0.25 per contract.

9 Fee code RQ is appended to routed Customer orders in Penny Program classes to ARCA, C2, ISE, ISE Gemini, MIAX Emerald, MIAX Pearl or NOM and assesses a charge of $0.85 per contract.

10 Fee code RR is appended to routed Customer orders in Non-Penny classes to ARCA, C2, ISE, ISE Gemini, MIAX Emerald, MIAX Pearl or NOM and assesses a charge of $1.25 per contract.

which fee code RP, which assess a charge of $0.25 per contract, or RQ, which assesses a charge of $0.85 per contract, could apply depending on the away exchange), 2) a routed Customer order in a Non-Penny class (to which fee code RP or RR could apply depending on the away exchange), 3) is a routed Non-Customer order in a Penny class (to which fee code RN will apply), or 4) is a routed Non-Customer order in a Non-Penny Class (to which fee code RO will apply).

The Exchange also proposes to update fee codes RP and RQ in connection with routed Customer orders in SPY options to PHLX. Currently, fee code RP is appended to routed Customer orders to NYSE American ("AMEX"), BOX Options Exchange ("BOX"), BX, Cboe Exchange, Inc. ("Cboe"), Cboe EDGX Exchange, Inc. ("EDGX Options"), ISE Mercury, LLC ("ISE Mercury"), MIAX Options Exchange ("MIAX") or PHLX and assesses a charge of $0.25 per contract. Fee code RQ is appended to routed Customer orders in Penny Program classes to ARCA, C2, ISE, ISE Gemini, MIAX Emerald Exchange ("MIAX Emerald"), MIAX Pearl Exchange ("MIAX Pearl"), or NOM and assesses a charge of $0.85 per contract. The Exchange notes that its current approach to routing fees is to set forth in a simple manner certain sub-categories of fees that approximate the cost of routing to other options exchanges based on the cost of transaction fees assessed by each venue as well as costs to the Exchange for routing (i.e., clearing fees, connectivity and other infrastructure costs, membership fees, etc.) (collectively, "Routing Costs"). The Exchange then monitors the fees charged as compared to the costs of its routing services and adjusts its routing fees and/or sub-categories to ensure that the Exchange's fees do indeed result in a rough approximation

of overall Routing Costs, and are not significantly higher or lower in any area. Currently, PHLX assesses a charge of $0.42 per contract for Customer orders in SPY options that remove liquidity.[11] As described above, the Exchange currently assesses a flat routing fee of $0.25 per contract for Customer orders routed to PHLX which yield fee code RP. This structure does not currently take into account the $0.42 per contract fee assessed by PHLX for Customer orders in SPY options. Therefore, in order to assess fees more in line with the Exchange's current approach to routing fees, that is, in a manner that approximates the cost of routing to Customer orders in SPY options to PHLX, along with other away options exchanges, based on the general cost of transaction fees assessed by the sub-category of away options exchanges for such orders (as well as the Exchange's Routing Costs), the Exchange proposes to exclude Customer orders is SPY options routed to PHLX from orders that yield fee code RP and are assessed a charge of $0.25 per contract and, instead, add Customer orders routed to PHLX in SPY options only to orders that yield fee code RQ[12] and are assessed a charge of $0.85 per contract.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,[13] in general, and furthers the objectives of Section 6(b)(4),[14] in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and issuers and other persons using its facilities. The Exchange also believes that the proposed rule change is consistent

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

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

13 15 U.S.C. 78f.

14 15 U.S.C. 78f(b)(4).

with the objectives of Section 6(b)(5)[15] 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, and, particularly, is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

As described above, the Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. The proposed rule change reflects a competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange, which the Exchange believes would enhance market quality to the benefit of all Members. The Exchange notes that other options exchanges currently approximate routing fees in a similar manner as the Exchange's current approach.[16]

In particular, the Exchange believes the proposed rule change to remove fee codes D1, D2, D3 and D4 is reasonable as the Exchange has observed a minimal amount of

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

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

volume in orders yielding fee codes D1, D2, D3 or D4 and, therefore, the current use of Directed ISO orders does not warrant the infrastructure and ongoing Systems maintenance required to support separate fee codes specifically applicable to Directed ISOs, a type of routing option Users may elect for their orders. As such, the Exchange also believes that is reasonable and equitable to assess Directed ISO orders as it already does for all other routed orders, as applicable (i.e., fee codes RN, RO, RP, RQ and RR).[17] The Exchange notes that the use of Directed ISOs, as well as routing through the Exchange, is optional. The Exchange believes that the proposed rule change is equitable and not unfairly discriminatory because Users will continue to have the option to elect to route their orders as Directed ISOs and such routed orders will be automatically and uniformly assessed the applicable charges already in place for all other routed orders.

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

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17 See supra notes 6-10.

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 the proposed rule change will impose any burden on intramarket competition because all Members Directed ISO order will automatically and uniformly be assessed the current fees already in place for routed orders, as applicable (i.e., fee codes RN, RO, RP, RQ and RR).[18] Likewise, all Members' Customer orders in SPY routed to PHLX will automatically yield fee code RQ and uniformly be assessed the corresponding fee.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that other options exchange approximate routing costs in a similar manner as the Exchange's current approach.[19] Also, as previously discussed, the Exchange operates in a highly competitive market. Members have numerous alternative venues that they may participate on and director their order flow, including 15 other options exchanges and off-exchange venues. Additionally, the Exchange represents a small percentage of the overall market. Based on publicly available information, no single options exchange has more than 16% of the market share.[20] Therefore, no exchange possesses significant pricing power in the execution of option order flow. Indeed, participants can readily choose to send their orders to other exchange and off-exchange venues if they deem fee levels at those other venues to be

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18 See supra notes 6-10.

19 See supra note 16.

20 See supra note 4.

more favorable. Moreover, the Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."[21] The fact that this market is competitive has also long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated as follows: "[n]o one disputes that competition for order flow is 'fierce.' … As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'….".[22] Accordingly, the Exchange does not believe its proposed fee change imposes any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

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

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

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

Item 6. Extension of Time Period for Commission Action

Not applicable.

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

(a) The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act[23] and Rule 19b-4(f)(2)[24] thereunder.

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

(c) Not applicable.

(d) Not applicable.

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23 15 U.S.C. 78s(b)(3)(A).

24 17 CFR 240.19b-4(f)(2).

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

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

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

Not applicable.

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

Not applicable.

Item 11. Exhibits

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

Exhibit 5. Proposed rule text.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-CboeBZX-2020-089]

[Insert date]

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

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

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

Cboe BZX Exchange, Inc. (the "Exchange" or "BZX") is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to amend its Fee Schedule. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange's website (http://markets.cboe.com/us/equities/regulation/rule_filings/bzx/), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

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

2 17 CFR 240.19b-4.

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

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

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

1. Purpose

The Exchange proposes to amend its fee schedule for its equity options platform ("BZX Options") by removing certain fee codes related to routed orders and by updating certain fee codes in connection with routing orders in SPY options to Nasdaq PHLX LLC ("PHLX").[3]

The Exchange first notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange is only one of 16 options venues to which market participants may direct their order flow. Based on publicly available information, no single options exchange has more than 16% of the market share and currently the Exchange represents approximately 8% of the market share.[4] Thus, in such a low-concentrated and highly

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3 The Exchange initially filed the proposed fee changes on December 1, 2020 (SR-CboeBZX-2020-086). On December 9, 2020, the Exchange withdrew that filing and submitted this proposal.

4 See Cboe Global Markets U.S. Options Market Month-to-Date Volume Summary (November 23, 2020), available at

competitive market, no single options exchange, including the Exchange, possesses significant pricing power in the execution of option order flow. The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow or discontinue to reduce use of certain categories of products, in response to fee changes. Accordingly, competitive forces constrain the Exchange's transaction fees, and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable.

The Exchange assesses fees in connection with orders routed away to various exchanges. Currently, under the Fee Codes and Associated Fees section of the Fee Schedule, fee codes D1, D2, D3 and D4 are appended to Members' Directed ISOs, a routing option under which an intermarket sweep order ("ISO") entered by a User bypasses the System and is sent by the System to another options exchange specified by the User.[5] Specifically, these fee codes function as follows:

- fee code D1 is appended to Directed ISOs to Nasdaq Options Market LLC ("NOM"), NYSE Arca, Inc. ("ARCA") or ISE Gemini, LLC ("ISE Gemini") in Non-Penny classes and assesses a charge of $1.25 per contract;
- fee code D2 is appended to Non-Customer Directed ISOs to Nasdaq BX Options ("BX") in Non-Penny classes and assesses a charge of $0.95 per contract;
- fee code D3 is appended to Non-Customer Directed ISOs to Cboe C2 Exchange, Inc. ("C2") or PHLX and assesses a charge of $0.95 per contract; and

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https://markets.cboe.com/us/options/market_statistics/.

5 See Rule 21.9(a)(2)(D).

- fee code D4 is appended to Directed ISOs (unless otherwise specified in the Fee Schedule) and assesses a charge of $0.85 per contract.

The Exchange has observed a minimal amount of volume in recent months in orders yielding fee codes D1, D2, D3 or D4. The Exchange believes that, because so few Users elect to route their orders as Directed ISOs, the current demand does not warrant the infrastructure and ongoing Systems maintenance required to support separate fee codes specifically applicable to Directed ISOs. Therefore, the Exchange now proposes to delete fee codes D1, D2, D3 and D4 in the Fee Schedule. The Exchange notes that Users will continue to be able to choose to route their orders as Directed ISOs and such orders will be assessed the fees currently in place for routed orders generally (i.e., fee codes RN,[6] RO,[7] RP,[8] RQ[9] and RR[10]) as follows:

- a Directed ISO to which fee code D1 would have prior been appended (routed to NOM, ARCA or ISE Gemini in a Non-Penny class) will yield fee code RR, if it is a Customer order , which is appended to Customer orders in Non-Penny classes routed to NOM, ARCA or ISE Gemini (among other exchanges) and assesses a

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6 Fee code RN is appended to routed Non-Customer orders in Penny Program classes and assesses a charge of $0.90 per contract.

7 Fee code RO is appended to all routed Non-Customer orders in Non-Penny classes and assesses a charge of $1.25 per contract.

8 Fee code RP is appended to routed Customer orders to AMEX, BOX, BX, Cboe, EDGX Options, ISE Mercury, MIAX or PHLX and assesses a charge of $0.25 per contract.

9 Fee code RQ is appended to routed Customer orders in Penny Program classes to ARCA, C2, ISE, ISE Gemini, MIAX Emerald, MIAX Pearl or NOM and assesses a charge of $0.85 per contract.

10 Fee code RR is appended to routed Customer orders in Non-Penny classes to ARCA, C2, ISE, ISE Gemini, MIAX Emerald, MIAX Pearl or NOM and assesses a charge of $1.25 per contract.

charge of $1.25 per contract, or will yield fee code RO, if it is a Non-Customer order, which is appended to routed Non-Customer orders in Non-Penny classes and also assesses a charge of $1.25 per contract;

- a Directed ISO to which fee code D2 would have prior been appended (Non-Customer to BX in a Non-Penny class) will yield fee code RO;
- a Directed ISO to which fee code D3 would have prior been appended (Non-Customer to C2 or PHLX) will yield fee code RN, if in a Penny class, which is appended to Non-Customer orders routed in Penny classes and assesses a charge of $0.90 per contract, or will yield fee code RO, if it is in a Non-Penny class; and
- a Directed ISO to which fee code D4 would have prior been appended (unless otherwise specified) may yield any of fee codes RN, RO, RP, RQ and RR, depending on whether the order is a 1) routed Customer order in a Penny class (to which fee code RP, which assess a charge of $0.25 per contract, or RQ, which assesses a charge of $0.85 per contract, could apply depending on the away exchange), 2) a routed Customer order in a Non-Penny class (to which fee code RP or RR could apply depending on the away exchange), 3) is a routed Non-Customer order in a Penny class (to which fee code RN will apply), or 4) is a routed Non-Customer order in a Non-Penny Class (to which fee code RO will apply).

The Exchange also proposes to update fee codes RP and RQ in connection with routed Customer orders in SPY options to PHLX. Currently, fee code RP is appended to routed Customer orders to NYSE American ("AMEX"), BOX Options Exchange ("BOX"), BX, Cboe Exchange, Inc. ("Cboe"), Cboe EDGX Exchange, Inc. ("EDGX

Options"), ISE Mercury, LLC ("ISE Mercury"), MIAX Options Exchange ("MIAX") or PHLX and assesses a charge of $0.25 per contract. Fee code RQ is appended to routed Customer orders in Penny Program classes to ARCA, C2, ISE, ISE Gemini, MIAX Emerald Exchange ("MIAX Emerald"), MIAX Pearl Exchange ("MIAX Pearl"), or NOM and assesses a charge of $0.85 per contract. The Exchange notes that its current approach to routing fees is to set forth in a simple manner certain sub-categories of fees that approximate the cost of routing to other options exchanges based on the cost of transaction fees assessed by each venue as well as costs to the Exchange for routing (i.e., clearing fees, connectivity and other infrastructure costs, membership fees, etc.) (collectively, "Routing Costs"). The Exchange then monitors the fees charged as compared to the costs of its routing services and adjusts its routing fees and/or sub-categories to ensure that the Exchange's fees do indeed result in a rough approximation of overall Routing Costs, and are not significantly higher or lower in any area. Currently, PHLX assesses a charge of $0.42 per contract for Customer orders in SPY options that remove liquidity.[11] As described above, the Exchange currently assesses a flat routing fee of $0.25 per contract for Customer orders routed to PHLX which yield fee code RP. This structure does not currently take into account the $0.42 per contract fee assessed by PHLX for Customer orders in SPY options. Therefore, in order to assess fees more in line with the Exchange's current approach to routing fees, that is, in a manner that approximates the cost of routing to Customer orders in SPY options to PHLX, along with other away options exchanges, based on the general cost of transaction fees assessed by the sub-category of away options exchanges for such orders (as well as the Exchange's

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

Routing Costs), the Exchange proposes to exclude Customer orders is SPY options routed to PHLX from orders that yield fee code RP and are assessed a charge of $0.25 per contract and, instead, add Customer orders routed to PHLX in SPY options only to orders that yield fee code RQ[12] and are assessed a charge of $0.85 per contract.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,[13] in general, and furthers the objectives of Section 6(b)(4),[14] in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and issuers and other persons using its facilities. The Exchange also believes that the proposed rule change is consistent with the objectives of Section 6(b)(5)[15] 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, and, particularly, is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

As described above, the Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem

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

13 15 U.S.C. 78f.

14 15 U.S.C. 78f(b)(4).

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

fee levels at a particular venue to be excessive or incentives to be insufficient. The proposed rule change reflects a competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange, which the Exchange believes would enhance market quality to the benefit of all Members. The Exchange notes that other options exchanges currently approximate routing fees in a similar manner as the Exchange's current approach.[16]

In particular, the Exchange believes the proposed rule change to remove fee codes D1, D2, D3 and D4 is reasonable as the Exchange has observed a minimal amount of volume in orders yielding fee codes D1, D2, D3 or D4 and, therefore, the current use of Directed ISO orders does not warrant the infrastructure and ongoing Systems maintenance required to support separate fee codes specifically applicable to Directed ISOs, a type of routing option Users may elect for their orders. As such, the Exchange also believes that is reasonable and equitable to assess Directed ISO orders as it already does for all other routed orders, as applicable (i.e., fee codes RN, RO, RP, RQ and RR).[17] The Exchange notes that the use of Directed ISOs, as well as routing through the Exchange, is optional. The Exchange believes that the proposed rule change is equitable and not unfairly discriminatory because Users will continue to have the option to elect to

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

17 See supra notes 6-10.

route their orders as Directed ISOs and such routed orders will be automatically and uniformly assessed the applicable charges already in place for all other routed orders.

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

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe the proposed rule change will impose any burden on intramarket competition because all Members Directed ISO order will automatically and uniformly be assessed the current fees already in place for routed orders, as applicable (i.e., fee codes RN, RO, RP, RQ and RR).[18] Likewise, all Members' Customer orders in SPY routed to PHLX will automatically yield fee code RQ and uniformly be assessed the corresponding fee.

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[18] See supra notes 6-10.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that other options exchange approximate routing costs in a similar manner as the Exchange's current approach.[19] Also, as previously discussed, the Exchange operates in a highly competitive market. Members have numerous alternative venues that they may participate on and director their order flow, including 15 other options exchanges and off-exchange venues. Additionally, the Exchange represents a small percentage of the overall market. Based on publicly available information, no single options exchange has more than 16% of the market share.[20] Therefore, no exchange possesses significant pricing power in the execution of option order flow. Indeed, participants can readily choose to send their orders to other exchange and off-exchange venues if they deem fee levels at those other venues to be more favorable. Moreover, the Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."[21] The fact that this market is competitive has also long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the

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19 See supra note 16.

20 See supra note 4.

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

D.C. Circuit stated as follows: "[n]o one disputes that competition for order flow is 'fierce.' … As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'….".[22] Accordingly, the Exchange does not believe its proposed fee change imposes any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

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

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act[23] and paragraph (f) of Rule 19b-4[24] 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

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

23 15 U.S.C. 78s(b)(3)(A).

24 17 CFR 240.19b-4(f).

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

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CboeBZX-2020-089 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-CboeBZX-2020-089. 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-CboeBZX-2020-089 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.[25]

Secretary

[25] 17 CFR 200.30-3(a)(12).

Cboe BZX Options Exchange Fee Schedule

Effective December 10, 2020

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Fee Codes and Associated Fees:

Fee Code	Description	Fee/(Rebate)
* * * * *		
[D1]	[Directed ISO to NOM, ARCA, ISE Gemini, Non-Penny]	[1.25]
[D2]	[Directed ISO to BX Options (Non-Customer), Non-Penny]	[0.95]
[D3]	[Directed ISO to C2, PHLX (Non-Customer)]	[0.95]
[D4]	[Directed ISO (unless otherwise specified)]	[0.85]
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RP	Routed (Customer) to AMEX, BOX, BX Options, Cboe, EDGX Options, ISE Mercury, MIAX or PHLX (excluding SPY)	0.25
RQ	Routed (Customer) to ARCA, C2, ISE, ISE Gemini, MIAX Emerald, MIAX Pearl, [or] NOM or PHLX (SPY only), Penny Program	0.85
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