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Page 1 of * 27

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

File No.* SR - 2020 - * 032
Amendment No. (req. for Amendments *)

Filing by Cboe EDGX Exchange, Inc.

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

Initial * [x] Amendment * [ ] Withdrawal [ ]

Section 19(b)(2) * [ ] Section 19(b)(3)(A) * [x] Section 19(b)(3)(B) * [ ]

Rule

[ ] 19b-4(f)(1) [ ] 19b-4(f)(4)
[x] 19b-4(f)(2) [ ] 19b-4(f)(5)
[ ] 19b-4(f)(3) [ ] 19b-4(f)(6)

Pilot [ ] Extension of Time Period for Commission Action * [ ] Date Expires *

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 the fee schedule applicable to its equities trading platform to introduce a flat charge for the execution of MDOs that are entered with the QDP instruction.

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 * Adrian Last Name * Griffiths
Title * Assistant General Counsel
E-mail * agriffiths@cboe.com
Telephone * (646) 856-8723 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 07/01/2020
By Kyle Murray
(Name *)

(Title *)
VP, Associate General Counsel

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

kmurray@cboe.com

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

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

1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] Cboe EDGX Exchange, Inc. ("EDGX" or the "Exchange") is filing with the Securities and Exchange Commission (the "Commission") a proposed rule change to amend the fee schedule applicable to its equities trading platform to introduce a flat charge for the execution of MDOs that are entered with the QDP instruction.

The text of the proposed rule change is enclosed as Exhibit 5, and available on the Exchange's website at http://markets.cboe.com/, at the Exchange's principal office and at the Public Reference Room of the Commission.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

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

(b) Please refer questions and comments on the proposed rule change to Patrick Sexton, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-7462, or Adrian Griffiths, Assistant General Counsel, (646) 856-8723.

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

2 17 CFR 240.19b-4.

3. Procedures of the Self-Regulatory Organization

(a) Purpose

On June 4, 2020, the Commission approved the Exchange's proposed introduction of a new order instruction, Quote Depletion Protection ("QDP"), that is available for Midpoint Discretionary Orders ("MDOs").[3] QDP, which was launched by the Exchange on June 10, 2020, is designed to provide enhanced protections to MDOs by tracking significant executions on the EDGX Book, and facilitating the ability of Users to avoid potentially unfavorable executions by preventing MDOs entered with the optional QDP instruction from exercising discretion to trade at more aggressive prices when QDP has been triggered. The Exchange now proposes to introduce a flat charge for the execution of MDOs that are entered with the QDP instruction.

EDGX operates pursuant to a maker/taker pricing model where orders that add liquidity are generally provided a rebate, and orders that remove liquidity are generally charged a fee. MDOs that are executed on the Exchange are therefore typically paid a rebate for adding liquidity.[4] Specifically, an MDO that adds liquidity within its discretionary range is currently paid a rebate of $0.00100 per share for securities priced at or above $1.00, or receives free executions for securities priced below $1.00.[5] An MDO that adds liquidity at its displayed or non-displayed ranked price would instead be paid a standard rebate of $0.00170 per share for securities priced at or above $1.00, or $0.00003 per share for securities priced below $1.00,[6]

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3 See Securities Exchange Act Release No. 89007 (June 4, 2020), 85 FR 35454 (June 10, 2020) (SR-CboeEDGX-2020-010).

4 As discussed below, an MDO may be provided free executions instead of a rebate if it adds liquidity within its discretionary range for securities priced below $1.00.

5 See EDGX Fee Schedule, Fee Code DM.

6 See EDGX Fee Schedule, Standard Rates.

subject to a number of add volume tiers that are designed to incentivize additional liquidity on the EDGX Book.[7] Pursuant to Rule 11.8(g), MDOs entered on the EDGX Book always act as the provider of liquidity, and are therefore not subject to the Exchange's fees for removing liquidity.

The Exchange now proposes to instead introduce a small flat fee for the execution of an MDO that is entered with a QDP instruction. As proposed, MDOs entered with a QDP instruction would be subject to a fee of $0.00020 per share for securities priced at or above $1.00, or 0.30% of the dollar value of the trade for securities priced below $1.00.[8] This charge would apply to the execution of MDOs that are entered with a QDP instruction, regardless of whether a QDP Active Period has been enabled in the security. MDOs entered without the optional QDP instruction would continue to be subject to current pricing. The Exchange's affiliate, Cboe EDGA Exchange, Inc. ("EDGA") is simultaneously proposing a similar flat fee pricing model for MDOs entered with a QDP instruction that are executed on that exchange.[9]

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,[10] in general, and furthers the objectives of Section 6(b)(4),[11] in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its members and other persons using its facilities. Specifically, the Exchange believes that

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7 See EDGX Fee Schedule, Footnote 1, Add Volume Tiers, and Footnote 2, Tape B Volume Tier. Current tiers may provide a rebate for adding liquidity that ranges from $0.0023 per share to $0.0029 per share.

8 To effect this change, the Exchange would introduce a new fee code "DQ" to its fee schedule that applies to MDOs entered with a QDP instruction.

9 See SR-CboeEDGA-2020-019 (pending publication).

10 15 U.S.C. 78f.

11 15 U.S.C. 78f(b)(4).

the proposed rule change is consistent with the requirements of the Act as it is designed to compensate the Exchange for the development of new and innovative market features, *i.e.*, QDP, while continuing to provide a pricing model that the Exchange believes is competitive with pricing models offered by other national securities exchanges and off-exchange venues that offer similar protective features to their customers. 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. The proposed rule change reflects a competitive pricing structure designed both to compensate the Exchange for the introduction of innovative features and allow it to continue to compete aggressively with other market centers.

As discussed, the proposed rule change would introduce pricing that is specific to MDOs entered with the recently-introduced QDP instruction. Although MDOs, which are always executed on the Exchange as the maker of liquidity, would be subject to a small flat fee instead of a rebate, the Exchange believes that the proposed pricing is reasonable given the enhanced benefits provided to Users that choose to utilize the protective features provided by the QDP instruction. QDP, which was introduced on the Exchange in June, is designed to facilitate the ability for market participants, including buy-side and other investors, to avoid potentially unfavorable executions in an MDO's discretionary range by preventing the exercise of discretion for two milliseconds following the execution of the EDGX best bid or offer on the same side of the market as the MDO below one round lot. While market participants that use this instruction would be subject to a small flat charge, the Exchange believes that the value of the protection provided by this feature outweighs the small fee that would be charged by the Exchange.

The Nasdaq Stock Market LLC ("Nasdaq") similarly charges special fees for the use of orders that are designed to offer certain protections to market participants. Specifically, Nasdaq charges a fee of $0.0004 per share to members that trade using its Midpoint Extended Life Order ("M-ELO") in securities priced at or above $1.[12] The Exchange believes that the proposed fees would be competitive with the fees that Nasdaq charges for M-ELO executions, as well as the fees charged by other national securities exchanges and off-exchange venues that provide various protective features.[13] QDP is offered on a voluntary basis, and therefore market participants that would prefer to operate under the current pricing structure can continue to enter MDOs without the QDP instruction. The Exchange believes, however, that market participants may find value in the use of the QDP instruction, and – similar to firms that trade using Nasdaq M-ELO, IEX Discretionary Peg, or other similar trading mechanisms – would be willing to pay a small flat fee to benefit from the protections that this instruction is designed to provide to investors.

The Exchange also believes that the proposed fee change is equitable and not unfairly discriminatory because it would apply equally to all MDOs entered with a QDP instruction. As discussed, QDP is an optional order instruction that a market participant can choose to include on an MDO entered on the Exchange in order to benefit from enhanced protections at times when recent executions on the EDGX Book suggest that the market may be about to move against the resting MDO. Both the MDO order type and the associated QDP instruction are available to all Users on an equal and non-discriminatory basis, and any User that chooses to use the QDP

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12 See Nasdaq Rules, Equity 7, Pricing Schedule, Section 118(a)(1),(2),(3). Nasdaq does not charge a fee for M-ELO executions in securities priced below $1. See Nasdaq Rules, Equity 7, Pricing Schedule, Section 118(b).

13 For example, Investors Exchange LLC ("IEX"), charges a fee of $0.0009 or $0.0003 per share for adding or removing non-displayed or displayed liquidity, respectively. See IEX Fee Schedule, Fee Codes I and L. Although IEX does not have special pricing for its Discretionary Peg Orders, which are similar in certain respects to an MDO entered with a QDP instruction, firms that trade such orders on IEX would be subject to the general transaction fees described above.

instruction would be subject to the same fee. As proposed, any MDO entered with a QDP instruction would be charged a small flat fee, regardless of how the order is ultimately executed. That is, an MDO entered with a QDP instruction would always be subject to a small transaction fee whether or not the MDO is executed within its discretionary range or at its displayed or non-displayed ranked price, and irrespective of whether or not the MDO is executed during a QDP Active Period where executions within the order's discretionary range are prevented.

Although MDOs that include the new QDP instruction would forgo a rebate relative to MDOs that do not include this instruction, the Exchange does not believe that this is inequitable or unfairly discriminatory within the meaning of the Act. All similarly situated market participants would be subject to consistent and non-discriminatory pricing based on the instructions that they include on their MDOs, with Users that include the optional QDP instruction paying a small fee that the Exchange believes is modest in relation to the value provided by the QDP instruction in avoiding potentially unfavorable executions. The proposed pricing is designed to be attractive to Users that enter MDOs with a QDP instruction, notwithstanding the fact that market participants would be subject to a fee instead of a rebate. Further, the Exchange believes that the ability to charge a flat fee for the execution of such orders would appropriately compensate the Exchange for the development of this feature, while allowing the Exchange to offer pricing that is competitive with other national securities exchanges and off-exchange venues that may offer competing features. To the extent that any particular User believes that the benefits of the QDP instruction are outweighed by the proposed pricing, such Users would be free to enter MDOs without the QDP instruction, in which case their orders would be subject to the same pricing offered today.

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

The Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Rather, the Exchange believes that the proposed changes to its fees would promote continued competition between the Exchange, other national securities exchanges, and off-exchange venues that must continuously compete to offer both competitive pricing and services to members and investors. As proposed, the Exchange would charge a small flat fee for the use of its recently-introduced QDP instruction. Charging fees for the use of this instruction would both compensate for the development and introduction of new and innovative features, and provide continued incentives for the Exchange to compete on both cost and the quality of its products and services.

Intramarket Competition

The Exchange believes the proposed rule change would not impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed fees would apply to all members equally in that all members would be subject to the same flat fee for the execution of orders that include a QDP instruction. The Exchange and other national securities exchanges (*e.g.*, Nasdaq) offer pricing that is based on the characteristics of the order that is executed on the Exchange. Although MDOs entered with the QDP instruction would be subject to the pricing described in this proposed rule change, the Exchange does not believe that pricing would impose any significant burden on intramarket competition as this fee would be applied in the same manner to the execution of any MDO entered with this instruction. Both MDO and the associated QDP instruction discussed in this filing are available to all Users on an equal and non-discriminatory basis. As a result, any User can decide to use (or not use) the QDP instruction based on the benefits provided by that instruction in potentially avoiding unfavorable executions, and the associated charge that the Exchange proposes to introduce for its use. As discussed, any firm that chooses to use the QDP instruction would be charged the same flat fee for the execution of orders that are entered with this instruction.

Intermarket Competition

The Exchange also believes the proposed fees would not impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. As discussed, the Exchange operates in a highly competitive market where members can direct their orders to a number of different market centers. These include 12 live U.S. equities exchanges, as well as a large number of off-exchange venues that trade NMS stocks. In addition, the Exchange represents a small percentage of the overall market. Based on publicly available information, no single equities exchange has more than 20% of U.S. equities market share.[14] Therefore, no exchange possesses significant pricing power in the execution of order flow. Indeed, market 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, or if they believe that the products and services that they offer are better serve their trading needs. Since competitors are free to modify their own pricing in response, and as market participants may readily adjust their order routing practices, the Exchange believes that the degree to which pricing changes in this market may impose any burden on competition is extremely limited.

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14 See Cboe Global Markets U.S. Equities Market Volume Summary (May 28, 2020), available at http://markets.cboe.com/us/equities/market_share/.

Conclusion

In sum, if the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share to competing exchanges and off-exchange venues as a result. Accordingly, the Exchange does not believe that the proposed changes would impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets. Indeed, the Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."[15]

The fact that this market is competitive has also long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated as follows: "[n]o one disputes that competition for order flow is 'fierce.' … As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker

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

dealers'….".[16] Accordingly, the Exchange does not believe the proposed fees impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act[17] and Rule 19b-4(f)(2) thereunder,[18] the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing. 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.

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

Not applicable.

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

17 15 U.S.C. 78s(b)(3)(A)(ii).

18 17 CFR 240.19b-4(f)(2).

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

Not applicable.

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

Not applicable.

11. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Federal Register

Exhibit 5 – Text of Proposed Rule Change

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-CboeEDGX-2020-032]

[Insert date]

Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Fee Schedule Applicable to its Equities Trading Platform to Introduce a Flat Charge for the Execution of MDOs that are Entered with the QDP Instruction

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 EDGX Exchange, Inc. (the "Exchange" or "EDGX") 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 EDGX Exchange, Inc. ("EDGX" or the "Exchange") is filing with the Securities and Exchange Commission (the "Commission") a proposed rule change to amend the fee schedule applicable to its equities trading platform to introduce a flat charge for the execution of MDOs that are entered with the QDP instruction. The text of the proposed rule change is provided in Exhibit 5.

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

2 17 CFR 240.19b-4.

The text of the proposed rule change is also available on the Exchange's website (http://markets.cboe.com/us/options/regulation/rule_filings/edgx/), 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

On June 4, 2020, the Commission approved the Exchange's proposed introduction of a new order instruction, Quote Depletion Protection ("QDP"), that is available for Midpoint Discretionary Orders ("MDOs").[3] QDP, which was launched by the Exchange on June 10, 2020, is designed to provide enhanced protections to MDOs by tracking significant executions on the EDGX Book, and facilitating the ability of Users to avoid potentially unfavorable executions by preventing MDOs entered with the optional QDP instruction from exercising discretion to trade at more aggressive prices when QDP has been triggered. The Exchange now proposes to introduce a flat charge for the execution of MDOs that are entered with the QDP instruction.

[3] See Securities Exchange Act Release No. 89007 (June 4, 2020), 85 FR 35454 (June 10, 2020) (SR-CboeEDGX-2020-010).

EDGX operates pursuant to a maker/taker pricing model where orders that add liquidity are generally provided a rebate, and orders that remove liquidity are generally charged a fee. MDOs that are executed on the Exchange are therefore typically paid a rebate for adding liquidity.[4] Specifically, an MDO that adds liquidity within its discretionary range is currently paid a rebate of $0.00100 per share for securities priced at or above $1.00, or receives free executions for securities priced below $1.00.[5] An MDO that adds liquidity at its displayed or non-displayed ranked price would instead be paid a standard rebate of $0.00170 per share for securities priced at or above $1.00, or $0.00003 per share for securities priced below $1.00,[6] subject to a number of add volume tiers that are designed to incentivize additional liquidity on the EDGX Book.[7] Pursuant to Rule 11.8(g), MDOs entered on the EDGX Book always act as the provider of liquidity, and are therefore not subject to the Exchange's fees for removing liquidity.

The Exchange now proposes to instead introduce a small flat fee for the execution of an MDO that is entered with a QDP instruction. As proposed, MDOs entered with a QDP instruction would be subject to a fee of $0.00020 per share for securities priced at or above $1.00, or 0.30% of the dollar value of the trade for securities priced below $1.00.[8] This charge would apply to the execution of MDOs that are entered with a QDP

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[4] As discussed below, an MDO may be provided free executions instead of a rebate if it adds liquidity within its discretionary range for securities priced below $1.00.

[5] See EDGX Fee Schedule, Fee Code DM.

[6] See EDGX Fee Schedule, Standard Rates.

[7] See EDGX Fee Schedule, Footnote 1, Add Volume Tiers, and Footnote 2, Tape B Volume Tier. Current tiers may provide a rebate for adding liquidity that ranges from $0.0023 per share to $0.0029 per share.

[8] To effect this change, the Exchange would introduce a new fee code "DQ" to its fee schedule that applies to MDOs entered with a QDP instruction.

instruction, regardless of whether a QDP Active Period has been enabled in the security. MDOs entered without the optional QDP instruction would continue to be subject to current pricing. The Exchange's affiliate, Cboe EDGA Exchange, Inc. ("EDGA") is simultaneously proposing a similar flat fee pricing model for MDOs entered with a QDP instruction that are executed on that exchange.[9]

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,[10] in general, and furthers the objectives of Section 6(b)(4),[11] in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its members and other persons using its facilities. Specifically, the Exchange believes that the proposed rule change is consistent with the requirements of the Act as it is designed to compensate the Exchange for the development of new and innovative market features, *i.e.*, QDP, while continuing to provide a pricing model that the Exchange believes is competitive with pricing models offered by other national securities exchanges and off-exchange venues that offer similar protective features to their customers. 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. The proposed rule change reflects a competitive pricing structure designed both to compensate the Exchange for the introduction of innovative features and allow it to continue to compete aggressively with other market centers.

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9 See SR-CboeEDGA-2020-019 (pending publication).

10 15 U.S.C. 78f.

11 15 U.S.C. 78f(b)(4).

As discussed, the proposed rule change would introduce pricing that is specific to MDOs entered with the recently-introduced QDP instruction. Although MDOs, which are always executed on the Exchange as the maker of liquidity, would be subject to a small flat fee instead of a rebate, the Exchange believes that the proposed pricing is reasonable given the enhanced benefits provided to Users that choose to utilize the protective features provided by the QDP instruction. QDP, which was introduced on the Exchange in June, is designed to facilitate the ability for market participants, including buy-side and other investors, to avoid potentially unfavorable executions in an MDO's discretionary range by preventing the exercise of discretion for two milliseconds following the execution of the EDGX best bid or offer on the same side of the market as the MDO below one round lot. While market participants that use this instruction would be subject to a small flat charge, the Exchange believes that the value of the protection provided by this feature outweighs the small fee that would be charged by the Exchange.

The Nasdaq Stock Market LLC ("Nasdaq") similarly charges special fees for the use of orders that are designed to offer certain protections to market participants. Specifically, Nasdaq charges a fee of \$0.0004 per share to members that trade using its Midpoint Extended Life Order ("M-ELO") in securities priced at or above \$1.[12] The Exchange believes that the proposed fees would be competitive with the fees that Nasdaq charges for M-ELO executions, as well as the fees charged by other national securities exchanges and off-exchange venues that provide various protective features.[13] QDP is

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12 See Nasdaq Rules, Equity 7, Pricing Schedule, Section 118(a)(1),(2),(3). Nasdaq does not charge a fee for M-ELO executions in securities priced below \$1. See Nasdaq Rules, Equity 7, Pricing Schedule, Section 118(b).

13 For example, Investors Exchange LLC ("IEX"), charges a fee of \$0.0009 or

offered on a voluntary basis, and therefore market participants that would prefer to operate under the current pricing structure can continue to enter MDOs without the QDP instruction. The Exchange believes, however, that market participants may find value in the use of the QDP instruction, and – similar to firms that trade using Nasdaq M-ELO, IEX Discretionary Peg, or other similar trading mechanisms – would be willing to pay a small flat fee to benefit from the protections that this instruction is designed to provide to investors.

The Exchange also believes that the proposed fee change is equitable and not unfairly discriminatory because it would apply equally to all MDOs entered with a QDP instruction. As discussed, QDP is an optional order instruction that a market participant can choose to include on an MDO entered on the Exchange in order to benefit from enhanced protections at times when recent executions on the EDGX Book suggest that the market may be about to move against the resting MDO. Both the MDO order type and the associated QDP instruction are available to all Users on an equal and non-discriminatory basis, and any User that chooses to use the QDP instruction would be subject to the same fee. As proposed, any MDO entered with a QDP instruction would be charged a small flat fee, regardless of how the order is ultimately executed. That is, an MDO entered with a QDP instruction would always be subject to a small transaction fee whether or not the MDO is executed within its discretionary range or at its displayed or non-displayed ranked price, and irrespective of whether or not the MDO is executed

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$0.0003 per share for adding or removing non-displayed or displayed liquidity, respectively. See IEX Fee Schedule, Fee Codes I and L. Although IEX does not have special pricing for its Discretionary Peg Orders, which are similar in certain respects to an MDO entered with a QDP instruction, firms that trade such orders on IEX would be subject to the general transaction fees described above.

during a QDP Active Period where executions within the order's discretionary range are prevented.

Although MDOs that include the new QDP instruction would forgo a rebate relative to MDOs that do not include this instruction, the Exchange does not believe that this is inequitable or unfairly discriminatory within the meaning of the Act. All similarly situated market participants would be subject to consistent and non-discriminatory pricing based on the instructions that they include on their MDOs, with Users that include the optional QDP instruction paying a small fee that the Exchange believes is modest in relation to the value provided by the QDP instruction in avoiding potentially unfavorable executions. The proposed pricing is designed to be attractive to Users that enter MDOs with a QDP instruction, notwithstanding the fact that market participants would be subject to a fee instead of a rebate. Further, the Exchange believes that the ability to charge a flat fee for the execution of such orders would appropriately compensate the Exchange for the development of this feature, while allowing the Exchange to offer pricing that is competitive with other national securities exchanges and off-exchange venues that may offer competing features. To the extent that any particular User believes that the benefits of the QDP instruction are outweighed by the proposed pricing, such Users would be free to enter MDOs without the QDP instruction, in which case their orders would be subject to the same pricing offered today.

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

The Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Rather, the Exchange believes that the proposed changes to its fees would promote continued competition between the Exchange, other national securities exchanges, and off-exchange venues that must continuously compete to offer both competitive pricing and services to members and investors. As proposed, the Exchange would charge a small flat fee for the use of its recently-introduced QDP instruction. Charging fees for the use of this instruction would both compensate for the development and introduction of new and innovative features, and provide continued incentives for the Exchange to compete on both cost and the quality of its products and services.

Intramarket Competition

The Exchange believes the proposed rule change would not impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed fees would apply to all members equally in that all members would be subject to the same flat fee for the execution of orders that include a QDP instruction. The Exchange and other national securities exchanges (*e.g.*, Nasdaq) offer pricing that is based on the characteristics of the order that is executed on the Exchange. Although MDOs entered with the QDP instruction would be subject to the pricing described in this proposed rule change, the Exchange does not believe that pricing would impose any significant burden on intramarket competition as this fee would be applied in the same manner to the execution of any MDO entered with this instruction. Both MDO and the associated QDP instruction discussed in this filing are available to all Users on an equal and non-discriminatory basis. As a result, any User can decide to use (or not use) the QDP instruction based on the benefits provided by that instruction in potentially avoiding unfavorable executions, and the associated charge that the Exchange proposes to introduce for its use. As discussed, any firm that chooses to use the QDP instruction would be charged the same flat fee for the execution of orders that are entered with this instruction.

Intermarket Competition

The Exchange also believes the proposed fees would not impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. As discussed, the Exchange operates in a highly competitive market where members can direct their orders to a number of different market centers. These include 12 live U.S. equities exchanges, as well as a large number of off-exchange venues that trade NMS stocks. In addition, the Exchange represents a small percentage of the overall market. Based on publicly available information, no single equities exchange has more than 20% of U.S. equities market share.[14] Therefore, no exchange possesses significant pricing power in the execution of order flow. Indeed, market 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, or if they believe that the products and services that they offer are better serve their trading needs. Since competitors are free to modify their own pricing in response, and as market participants may readily adjust their order routing practices, the Exchange believes that the degree to which pricing changes in this market may impose any burden on competition is extremely limited.

Conclusion

In sum, if the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share to competing exchanges and off-exchange

[14] See Cboe Global Markets U.S. Equities Market Volume Summary (May 28, 2020), available at http://markets.cboe.com/us/equities/market_share/.

venues as a result. Accordingly, the Exchange does not believe that the proposed changes would impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets. Indeed, the Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."[15]

The fact that this market is competitive has also long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated as follows: "[n]o one disputes that competition for order flow is 'fierce.' … As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'….".[16] Accordingly, the Exchange does not believe the proposed fees impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

16 See 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)).

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

No written comments were either solicited or received.

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[17] and paragraph (f) of Rule 19b-4[18] 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:

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-CboeEDGX-2020-032 on the subject line.

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17 15 U.S.C. 78s(b)(3)(A).

18 17 CFR 240.19b-4(f).

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-CboeEDGX-2020-032. 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-CboeEDGX-2020-032 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[19]

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[19] 17 CFR 200.30-3(a)(12).

Secretary

EXHIBIT 5

Proposed new language is underlined; proposed deletions are in [brackets].

Cboe EDGX U.S. Equities Exchange Fee Schedule

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Fee Codes and Associated Fees:

Fee Code	Description	Fee/(Rebate) Securities at or above $1.00	Fee/(Rebate) Securities below $1.00
DQ	MidPoint Discretionary Order entered with Quote Depletion Protection	$0.00020	0.30% of Dollar Value

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