

Required fields are shown with yellow backgrounds and asterisks.

Filing by Cboe Exchange, Inc.
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/> Section 806(e)(2) * <input type="checkbox"/>	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>
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Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

The Exchange proposes to enhance and clarify its Price Adjust process and modify the bulk message fat finger check.

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 * Laura	Last Name * Dickman
Title * VP, Associate General Counsel	
E-mail * ldickman@cboe.com	
Telephone * (312) 786-7572	Fax <input type="text"/>

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 07/16/2021	VP, Associate General Counsel
By Laura G. Dickman	<input style="width: 100%;" type="text"/>
(Name *)	

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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

Exhibit 1 - Notice of Proposed Rule Change *

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

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

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

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

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Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

Item 1. Text of the Proposed Rule Change

(a) Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to enhance and clarify its Price Adjust process and modify the bulk message fat finger check. The text of the proposed rule change is provided in Exhibit 5.

(b) Not applicable.

(c) Not applicable.

Item 2. Procedures of the Self-Regulatory Organization

(a) The Exchange’s President (or designee) pursuant to delegated authority approved the proposed rule change on July 9, 2021. The Exchange will provide Trading Permit Holders with sufficient advanced notice of the implementation date of the proposed change in accordance with Rule 1.5.

(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 Laura G. Dickman, (312) 786-7572, Cboe Exchange, Inc., 400 South LaSalle, Chicago, Illinois 60605.

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

(a) Purpose

The Exchange proposes to enhance its Price Adjust (as defined below) process for certain Market-Maker interest – specifically Book Only¹ orders and bulk messages²

¹ Rule 5.6(c) defines a “Book Only” order as an order the System ranks and executes pursuant to Rule 5.32, subjects to the Price Adjust process pursuant to Rule 5.32, or cancels, as applicable (in accordance with User instructions), without routing away to another exchange. Users may designate bulk messages as Book Only as set forth in Rule 5.5(c).

² The term “bulk message” means a single electronic message a User submits with an M Capacity (for the account of a Market-Maker) to the Exchange in which the

submitted through bulk ports³ – and clarify other parts of that process, as well as modify the bulk message fat finger check.

Rule 5.32(b) describes the Price Adjust process, which applies to an order by default or not designated as Cancel Back.⁴ The System adjusts the price (“Price Adjust”) of an order designated as Price Adjust (or an order not designated as Cancel Back) as follows:

(A) If a buy (sell) non-all-or-none (“AON”) order at the time of entry, would lock or cross:

(i) a Protected Quotation of another options exchange or the Exchange, the System ranks and displays the order at one minimum price variation below (above) the current national best offer (“NBO”) (national best bid (“NBB”);

or

(ii) the offer (bid) of a sell (buy) AON order resting on the Book at or better than the Exchange’s best offer (bid), the System ranks the resting AON order one minimum price variation above (below) the bid (offer) of the non-AON order.

User may enter, modify, or cancel up to an Exchange-specified number of bids and offers. A User may submit a bulk message through a bulk port as set forth in Rule 5.6(c)(3). The System handles a bulk message bid or offer in the same manner as it handles an order or quote unless the Rules specify otherwise. See Rule 1.1.

³ A “bulk port” is a dedicated logical port that provides Users with the ability to submit bulk messages, single orders, and auction responses, each subject to certain restrictions. See Rule 5.5(c)(3).

⁴ Rule 5.6(c) defines a “Cancel Back” order as an order (including a bulk message) a User designates to not be subject to the Price Adjust Process pursuant to Rule 5.32 that the System cancels or rejects (immediately at the time the System receives the order or upon return to the System after being routed away) if displaying the order on the Book would create a violation of Rule 5.67, or if the order cannot otherwise be executed or displayed in the Book at its limit price.

(B) Incoming AON Orders. If a buy (sell) AON order, at the time of entry, would:

- (i) cross a Protected Offer (Bid) of another options exchange or a sell (buy) AON order resting on the Book at or better than the Exchange's best offer (bid), the System ranks the incoming AON order at a price equal to the Protected Offer (Bid) or the offer (bid) of the resting AON order, respectively; or
- (ii) lock or cross a Protected Offer (Bid) of the Exchange, the System ranks the incoming AON order at a price one minimum price variation below (above) the Protected Offer (Bid).

This Price Adjust process applies to Book Only orders and bulk messages submitted that are designated as Price Adjust (and not designated as Cancel Back). Separately, a Book Only order or bulk message bid or offer (or unexecuted portion) is rejected if submitted by a Market-Maker with an appointment in the class through a bulk port if it would execute against a resting offer or bid, respectively with a capacity of M. Therefore, if a Book Only bulk message bid of an appointed Market-Maker does not execute upon entry and would rest at the same price as an offer not represented by a capacity of M, that bid price would be adjusted and rest on the book at one minimum price variation below the offer. However, if the offer was represented by a capacity of M, the System would reject the bid since it may not execute against that resting offer.

The proposed rule change amends the Price Adjust process so that an appointed Market-Maker's Book Only bids and offers submitted through a bulk port may have the opportunity to rest on the book if they are submitted at the same price as the opposite side of the market when represented by Market-Maker interest. Specifically, the proposed rule

change adds subparagraph (C) to Rule 5.32(b)(1), which states if the bid (offer) of a Book Only buy (sell) non-AON order or bulk message⁵ submitted through a bulk port at the time of entry would lock or cross (1) a protected offer (bid) of another options exchange⁶ or a resting offer (bid) with a Capacity of M, the System ranks and displays the order at one minimum price variation below (above) the better of the current away best offer (“ABO”) (away best bid (“ABB”)) or resting M-Capacity offer (bid); or (2) the offer (bid) of a sell (buy) AON order resting on the Book at or better than the Exchange’s best offer (bid), the System ranks the resting AON order one minimum price variation above (below) the bid (offer) of the non-AON order.⁷ This will permit appointed Market-Maker orders and quotes submitted through bulk ports (the primary purpose of which is to provide liquidity to the Book) that are subject to the Price Adjust process (indicating the submitting Market-Makers prefer a price adjustment to rejection) so their quotes may rest in the Book if they would otherwise lock interest against which they could not execute.

The proposed rule change makes nonsubstantive changes to current Rules 5.32(b)(1)(A) and (B) to set forth to which orders and bulk messages the functionality in each subparagraph will apply; the proposed rule change has no impact on how the Price Adjust process applies to orders and bulk messages other than Book Only orders and bulk messages submitted through a bulk port that would otherwise execute against resting M-Capacity interest. Similarly, the proposed rule change updates Rule 5.32(c)(6) to indicate

⁵ The Exchange notes that pursuant to Rule 5.5(c), only appointed Market-Makers may submit such orders and bulk messages through a bulk port.

⁶ This is how these orders and messages are currently handled pursuant to Rule 5.32(b)(1)(A)(i).

⁷ This is how these orders and messages are currently handled pursuant to Rule 5.32(b)(1)(A)(ii).

that provision will only apply to Cancel Back Book Only orders and bulk messages submitted through bulk ports. Book Only orders and bulk messages submitted through a bulk port may either be Price Adjust or Cancel Back. As Price Adjust Book Only orders and bulk messages submitted through a bulk port will be handled as described above if they would execute against resting M-Capacity interest, this provision will now only apply to Cancel Back Book Only bulk messages and orders submitted through bulk ports.⁸

The proposed rule change also clarifies in Rule 5.32(b)(1) that the Price Adjust process applies to an order or remaining portion that does not execute upon entry. This is consistent with current functionality, as Price Adjust orders may execute upon entry against resting interest – the price adjustment applies only to permit any remaining interest from an incoming order to rest at a price that would not lock or cross opposite side interest in accordance with the linkage plan.

Additionally, Rule 5.32(b)(2) provides that if the circumstances that caused the System to adjust the price of an order pursuant to subparagraph (b)(1) change so that it would not lock or cross, as applicable, a Protection Quotation or an AON resting on the Book at a price at or better than the BBO,⁹ the System gives the Price Adjust order a new timestamp. Currently, the rule states the System ranks or displays the order at a price that locks or is one minimum price variation away from the new Protection Quotation or AON

⁸ The proposed rule change also clarifies in Rule 5.32(c)(6) that it applies if the incoming order or bulk message would execute against or lock resting M-Capacity interest. It is possible a Cancel Back Book Only order or bulk message may otherwise not execute against resting M-Capacity interest but would instead lock that interest if it rested in the book, so the System would reject that order or bulk message to prevent the dissemination of a locked market.

⁹ The Exchange notes that a change in the BBO would include a change in M-Capacity interest resting at the top of the Book that caused a Book Only bulk message or order to have its price adjusted.

resting on the Book at or better than the BBO, as applicable. Pursuant to current subparagraph (3), the System adjusts the ranked and displayed price of an order subject to Price Adjust once or multiple times depending upon the User's instructions and changes to the prevailing NBBO. The proposed rule change deletes this subparagraph (3) and moves the concept of single or multiple price adjust to subparagraph (2).¹⁰ The proposed rule change clarifies how each of single price adjust and multiple price adjust currently function. Specifically, if a User designated an order as eligible for single price adjust, the System ranks and displays the order at the price of the Protected Quotation that was present in the Book at the time of order entry. That is the price at which the Price Adjust order would have entered the Book but for the presence of that Protected Quotation.

Additionally, the proposed rule change clarifies that bulk message bids and offers are only subject to single price adjust. The Exchange understands that Market-Makers' automated quote streaming systems review their resting interest when the markets change and update as appropriate in accordance with their business and risk models. Therefore, the Exchange does not believe it is necessary for it also to review resting Market-Maker interest continuously and reprice as the market changes. The proposed rule change amends proposed subparagraph (2)(B) to indicate it applies to orders designated as multiple price adjust, and specifies the repricing described in that paragraph may occur multiple times as the opposite side of the NBBO changes (up to the order's limit price). The proposed rule change has no impact on how the System handles order and bulk messages subject to single or multiple price adjust; it rather more accurately describes this process. The proposed rule

¹⁰ The proposed rule change also moves the latter part of current subparagraph (2) regarding the priority of re-ranked and re-displayed Price Adjust orders to proposed subparagraph (3).

change also amends this provision to reflect that a Price Adjust bulk message may be repriced upon entry due to the presence of opposite side M Capacity interest (rather than rejected in accordance with current functionality).

With respect to multiple price adjust functionality, the proposed rule change clarifies that the price at which the System reprices an order is the ranked and displayed price (rather than or), which is consistent with the remainder of paragraph (b). Price Adjust orders are always ranked and displayed at the same price. Additionally, the proposed rule change deletes the concept of the new price locking a new Protected Quotation, as the new price will always be one minimum price variation away to be consistent with linkage rules. Finally, the proposed rule change deletes the concept of repricing a Price Adjust order based on the presence of an AON order. As set forth in Rule 5.32(b)(1), if an incoming order would lock the price of an AON resting on the book, the System reprices the AON rather than the incoming order. Therefore, if the AON is no longer in the book, there would be no reason to reprice the other order, making the reference to AON in subparagraph (2) regarding repricing is unnecessary.

Finally, the proposed rule change enhances the bulk message fat finger check set forth in Rule 5.34(a)(5). In accordance with the fat finger check, the System cancels or rejects any bulk message bid (offer) above (below) the NOB (NBB) by more than a specified amount determined by the Exchange.¹¹ The proposed rule change indicates that the Exchange may also determine a minimum and maximum dollar value for the bulk

¹¹ This check does not apply to bulk messages submitted prior to the conclusion of the opening process or when no NBBO is available.

message fat finger check.¹² The Exchange believes Market-Makers may be willing to accept an execution at a price beyond the NBBO at the time of order entry, but not too far away. The purpose of the fat finger check is intended to reject bulk message bids and offers that on their face are likely to be entered at erroneous prices and thus prevent potentially erroneous executions. The proposed rule change to permit the Exchange to set a minimum and maximum value will provide the Exchange with the opportunity to set a meaningful buffer that is not “too close” to the NBBO (in other words, a de minimis buffer) but not “too far” from the NBBO (in other words, a buffer that is more likely to accept erroneously priced bulk messages). The proposed rule change also permits the Exchange to set the relevant amounts for the bulk message fat finger check on a class-by-class basis. Option classes have different characteristics and trading models, and the proposed flexibility will permit the Exchange to apply different parameters to address those differences.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.¹³ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁴ 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,

¹² The proposed rule change also makes a nonsubstantive change to say the System cancels or rejects any bulk message bid (offer) more than a buffer amount above (below) the NBO (NBB) to align the language with other rules.

¹³ 15 U.S.C. 78f(b).

¹⁴ 15 U.S.C. 78f(b)(5).

clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁵ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the proposed rule change to enhance the Price Adjust process to adjust the price of Book Only orders and bulk messages submitted by Market-Makers through bulk ports will remove impediments to and perfect the mechanism of a free and open market. Market-Makers that have elected to have their bulk port interest subject to the Price Adjust process have indicated their desire to have the prices of that interest adjusted rather than have the System reject that interest. The proposed rule change is consistent with that election and will cause such interest to be repriced rather than rejected in a situation – when it would otherwise execute or lock against other M-Capacity interest – in addition to locking an away market. Therefore, the proposed rule change will permit additional Market-Maker interest to enter the book rather than be rejected. This additional liquidity may increase execution opportunities and tighten spreads, which ultimately benefits all investors.

The Exchange also believes the proposed rule change to codify that bulk message bids and offers may only be subject to single price adjust will benefit investors by adding transparency to the Rules. The Exchange understands that Market-Makers' automated quote streaming systems review their resting interest when the markets change and

¹⁵ Id.

update as appropriate in accordance with their business and risk models. Therefore, the Exchange does not believe it is necessary for it also to review resting Market-Maker interest continuously and reprice as the market changes.

In addition, the Exchange believes the proposed change to the bulk message fat finger check will protect investors and the public interest as the check will continue to mitigate potential risks associated with Market-Makers submitting bulk message bids and offers at unintended prices, and risks associated with orders and quotes trading at prices that are extreme and potentially erroneous, which may likely have resulted from human or operational error. The proposed enhancement that the Exchange will apply a minimum and maximum to the fat finger check will permit the Exchange to apply the fat finger check to bulk messages in a more meaningful way. The Exchange believes class flexibility is appropriate to permit the Exchange to apply reasonable buffers to classes, which may exhibit different trading characteristics and have different market models. The Exchange has other price checks and risk controls that permit it to set a minimum and maximum, as well as apply parameters on a class basis.¹⁶

The proposed nonsubstantive and clarifying changes will protect investors by adding transparency to the Rules.

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, as the proposed changes will apply in the same

¹⁶ See, e.g., Rule 5.34(a)(2) (market order NBBO width protection).

manner to all Book Only orders and bulk messages submitted through a bulk port. The proposed rule change to codify that bulk messages will only be subject to single price adjust is appropriate given that Market-Makers' automated quote streaming systems review their resting interest when the markets change and update as appropriate in accordance with their business and risk models. Therefore, the Exchange does not believe it is necessary for it also to review resting Market-Maker interest continuously and reprice as the market changes. The Exchange does not believe the proposed rule change will impose any burden on intermarket competition, as the proposed rule change applies to functionality that applies to incoming interest that may only rest or execute on the Exchange's book.

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 Act¹⁷ and Rule 19b-4(f)(6)¹⁸ thereunder.

(b) The Exchange designates that the proposed rule change effects a change that (i) does not significantly affect the protection of investors or the public interest;

¹⁷ 15 U.S.C. 78s(b)(3)(A).

¹⁸ 17 CFR 240.19b-4(f)(6).

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

The Exchange believes the proposed rule change will not significantly affect the protection of investors or the public interest because it is enhancing the Price Adjust process to adjust the price of Book Only orders and bulk messages submitted by Market-Makers through bulk ports rather than reject them if they would lock the price of M-Capacity interest on the Book. Market-Makers that have elected to have their bulk port interest subject to the Price Adjust process have already indicated their desire to have the prices of that interest adjusted rather than have the System reject that interest, and the proposed rule change will provide for price adjustment rather than rejection in an additional situation. The proposed rule change is consistent with that election and will cause such interest to be repriced rather than rejected in a situation – when it would otherwise execute or lock against other M-Capacity interest – in addition to locking an away market. Therefore, the proposed rule change will permit additional Market-Maker interest to enter the book rather than be rejected. This additional liquidity may increase execution opportunities and tighten spreads, which ultimately benefits all investors.

The Exchange also believes the proposed rule change to codify that bulk message bids and offers may only be subject to single price adjust will benefit investors by adding

transparency to the Rules. The Exchange understands that Market-Makers' automated quote streaming systems review their resting interest when the markets change and update as appropriate in accordance with their business and risk models. Therefore, the Exchange does not believe it is necessary for it also to review resting Market-Maker interest continuously and reprice as the market changes.

The Exchange believes the proposed change to the bulk message fat finger check will protect investors as the check will continue to mitigate potential risks associated with Market-Makers submitting bulk message bids and offers at unintended prices, and risks associated with orders and quotes trading at prices that are extreme and potentially erroneous, which may likely have resulted from human or operational error. The proposed enhancement that the Exchange will apply a minimum and maximum to the fat finger check will permit the Exchange to apply the fat finger check to bulk messages in a more meaningful way. The Exchange believes class flexibility is appropriate to permit the Exchange to apply reasonable buffers to classes, which may exhibit different trading characteristics and have different market models. The Exchange has other price checks and risk controls that permit it to set a minimum and maximum, as well as apply parameters on a class basis.¹⁹

The proposed nonsubstantive and clarifying changes will protect investors by adding transparency to the Rules.

The Exchange believes the proposed rule change will not impose any significant burden on competition as the proposed changes will apply in the same manner to all Book Only orders and bulk messages submitted through a bulk port. The proposed rule

¹⁹ See, e.g., Rule 5.34(a)(2) (market order NBBO width protection).

change to codify that bulk messages will only be subject to single price adjust is appropriate given that Market-Makers' automated quote streaming systems review their resting interest when the markets change and update as appropriate in accordance with their business and risk models. Therefore, the Exchange does not believe it is necessary for it also to review resting Market-Maker interest continuously and reprice as the market changes. Additionally, the proposed rule change applies to functionality that applies to incoming interest that may only rest or execute on the Exchange's book.

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

(c) Not applicable.

(d) Not applicable.

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

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

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

Not applicable.

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

Not applicable.

Item 11. Exhibits

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

Exhibit 5. Proposed rule text.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CBOE-2021-042]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Enhance and Clarify its Price Adjust Process and Modify the Bulk Message Fat Finger Check

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

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

Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to enhance and clarify its Price Adjust process and modify the bulk message fat finger check. The text of the proposed rule change is provided in Exhibit 5.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

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

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

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

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

1. Purpose

The Exchange proposes to enhance its Price Adjust (as defined below) process for certain Market-Maker interest – specifically Book Only⁵ orders and bulk messages⁶ submitted through bulk ports⁷ – and clarify other parts of that process, as well as modify the bulk message fat finger check.

⁵ Rule 5.6(c) defines a “Book Only” order as an order the System ranks and executes pursuant to Rule 5.32, subjects to the Price Adjust process pursuant to Rule 5.32, or cancels, as applicable (in accordance with User instructions), without routing away to another exchange. Users may designate bulk messages as Book Only as set forth in Rule 5.5(c).

⁶ The term “bulk message” means a single electronic message a User submits with an M Capacity (for the account of a Market-Maker) to the Exchange in which the User may enter, modify, or cancel up to an Exchange-specified number of bids and offers. A User may submit a bulk message through a bulk port as set forth in Rule 5.6(c)(3). The System handles a bulk message bid or offer in the same manner as it handles an order or quote unless the Rules specify otherwise. See Rule 1.1.

⁷ A “bulk port” is a dedicated logical port that provides Users with the ability to

Rule 5.32(b) describes the Price Adjust process, which applies to an order by default or not designated as Cancel Back.⁸ The System adjusts the price (“Price Adjust”) of an order designated as Price Adjust (or an order not designated as Cancel Back) as follows:

(A) If a buy (sell) non-all-or-none (“AON”) order at the time of entry, would lock or cross:

(i) a Protected Quotation of another options exchange or the Exchange, the System ranks and displays the order at one minimum price variation below (above) the current national best offer (“NBO”) (national best bid (“NBB”); or

(ii) the offer (bid) of a sell (buy) AON order resting on the Book at or better than the Exchange’s best offer (bid), the System ranks the resting AON order one minimum price variation above (below) the bid (offer) of the non-AON order.

(B) Incoming AON Orders. If a buy (sell) AON order, at the time of entry, would:

(i) cross a Protected Offer (Bid) of another options exchange or a sell (buy) AON order resting on the Book at or better than the Exchange’s best offer (bid), the System ranks the incoming AON order at a price equal to the Protected Offer (Bid) or the offer (bid) of the resting AON order, respectively; or

submit bulk messages, single orders, and auction responses, each subject to certain restrictions. See Rule 5.5(c)(3).

⁸ Rule 5.6(c) defines a “Cancel Back” order as an order (including a bulk message) a User designates to not be subject to the Price Adjust Process pursuant to Rule 5.32 that the System cancels or rejects (immediately at the time the System receives the order or upon return to the System after being routed away) if displaying the order on the Book would create a violation of Rule 5.67, or if the order cannot otherwise be executed or displayed in the Book at its limit price.

(ii) lock or cross a Protected Offer (Bid) of the Exchange, the System ranks the incoming AON order at a price one minimum price variation below (above) the Protected Offer (Bid).

This Price Adjust process applies to Book Only orders and bulk messages submitted that are designated as Price Adjust (and not designated as Cancel Back). Separately, a Book Only order or bulk message bid or offer (or unexecuted portion) is rejected if submitted by a Market-Maker with an appointment in the class through a bulk port if it would execute against a resting offer or bid, respectively with a capacity of M. Therefore, if a Book Only bulk message bid of an appointed Market-Maker does not execute upon entry and would rest at the same price as an offer not represented by a capacity of M, that bid price would be adjusted and rest on the book at one minimum price variation below the offer. However, if the offer was represented by a capacity of M, the System would reject the bid since it may not execute against that resting offer.

The proposed rule change amends the Price Adjust process so that an appointed Market-Maker's Book Only bids and offers submitted through a bulk port may have the opportunity to rest on the book if they are submitted at the same price as the opposite side of the market when represented by Market-Maker interest. Specifically, the proposed rule change adds subparagraph (C) to Rule 5.32(b)(1), which states if the bid (offer) of a Book Only buy (sell) non-AON order or bulk message⁹ submitted through a bulk port at the time of entry would lock or cross (1) a protected offer (bid) of another options exchange¹⁰ or a resting offer (bid) with a Capacity of M, the System ranks and displays the order at one

⁹ The Exchange notes that pursuant to Rule 5.5(c), only appointed Market-Makers may submit such orders and bulk messages through a bulk port.

¹⁰ This is how these orders and messages are currently handled pursuant to Rule 5.32(b)(1)(A)(i).

minimum price variation below (above) the better of the current away best offer (“ABO”) (away best bid (“ABB”)) or resting M-Capacity offer (bid); or (2) the offer (bid) of a sell (buy) AON order resting on the Book at or better than the Exchange’s best offer (bid), the System ranks the resting AON order one minimum price variation above (below) the bid (offer) of the non-AON order.¹¹ This will permit appointed Market-Maker orders and quotes submitted through bulk ports (the primary purpose of which is to provide liquidity to the Book) that are subject to the Price Adjust process (indicating the submitting Market-Makers prefer a price adjustment to rejection) so their quotes may rest in the Book if they would otherwise lock interest against which they could not execute.

The proposed rule change makes nonsubstantive changes to current Rules 5.32(b)(1)(A) and (B) to set forth to which orders and bulk messages the functionality in each subparagraph will apply; the proposed rule change has no impact on how the Price Adjust process applies to orders and bulk messages other than Book Only orders and bulk messages submitted through a bulk port that would otherwise execute against resting M-Capacity interest. Similarly, the proposed rule change updates Rule 5.32(c)(6) to indicate that provision will only apply to Cancel Back Book Only orders and bulk messages submitted through bulk ports. Book Only orders and bulk messages submitted through a bulk port may either be Price Adjust or Cancel Back. As Price Adjust Book Only orders and bulk messages submitted through a bulk port will be handled as described above if they would execute against resting M-Capacity interest, this provision will now only apply to Cancel Back Book Only bulk messages and orders submitted through bulk ports.¹²

¹¹ This is how these orders and messages are currently handled pursuant to Rule 5.32(b)(1)(A)(ii).

¹² The proposed rule change also clarifies in Rule 5.32(c)(6) that it applies if the

The proposed rule change also clarifies in Rule 5.32(b)(1) that the Price Adjust process applies to an order or remaining portion that does not execute upon entry. This is consistent with current functionality, as Price Adjust orders may execute upon entry against resting interest – the price adjustment applies only to permit any remaining interest from an incoming order to rest at a price that would not lock or cross opposite side interest in accordance with the linkage plan.

Additionally, Rule 5.32(b)(2) provides that if the circumstances that caused the System to adjust the price of an order pursuant to subparagraph (b)(1) change so that it would not lock or cross, as applicable, a Protection Quotation or an AON resting on the Book at a price at or better than the BBO,¹³ the System gives the Price Adjust order a new timestamp. Currently, the rule states the System ranks or displays the order at a price that locks or is one minimum price variation away from the new Protection Quotation or AON resting on the Book at or better than the BBO, as applicable. Pursuant to current subparagraph (3), the System adjusts the ranked and displayed price of an order subject to Price Adjust once or multiple times depending upon the User's instructions and changes to the prevailing NBBO. The proposed rule change deletes this subparagraph (3) and moves the concept of single or multiple price adjust to subparagraph (2).¹⁴ The proposed rule

incoming order or bulk message would execute against or lock resting M-Capacity interest. It is possible a Cancel Back Book Only order or bulk message may otherwise not execute against resting M-Capacity interest but would instead lock that interest if it rested in the book, so the System would reject that order or bulk message to prevent the dissemination of a locked market.

¹³ The Exchange notes that a change in the BBO would include a change in M-Capacity interest resting at the top of the Book that caused a Book Only bulk message or order to have its price adjusted.

¹⁴ The proposed rule change also moves the latter part of current subparagraph (2) regarding the priority of re-ranked and re-displayed Price Adjust orders to proposed subparagraph (3).

change clarifies how each of single price adjust and multiple price adjust currently function. Specifically, if a User designated an order as eligible for single price adjust, the System ranks and displays the order at the price of the Protected Quotation that was present in the Book at the time of order entry. That is the price at which the Price Adjust order would have entered the Book but for the presence of that Protected Quotation.

Additionally, the proposed rule change clarifies that bulk message bids and offers are only subject to single price adjust. The Exchange understands that Market-Makers' automated quote streaming systems review their resting interest when the markets change and update as appropriate in accordance with their business and risk models. Therefore, the Exchange does not believe it is necessary for it also to review resting Market-Maker interest continuously and reprice as the market changes. The proposed rule change amends proposed subparagraph (2)(B) to indicate it applies to orders designated as multiple price adjust, and specifies the repricing described in that paragraph may occur multiple times as the opposite side of the NBBO changes (up to the order's limit price). The proposed rule change has no impact on how the System handles order and bulk messages subject to single or multiple price adjust; it rather more accurately describes this process. The proposed rule change also amends this provision to reflect that a Price Adjust bulk message may be repriced upon entry due to the presence of opposite side M Capacity interest (rather than rejected in accordance with current functionality).

With respect to multiple price adjust functionality, the proposed rule change clarifies that the price at which the System reprices an order is the ranked and displayed price (rather than or), which is consistent with the remainder of paragraph (b). Price Adjust orders are always ranked and displayed at the same price. Additionally, the proposed rule change

deletes the concept of the new price locking a new Protected Quotation, as the new price will always be one minimum price variation away to be consistent with linkage rules. Finally, the proposed rule change deletes the concept of repricing a Price Adjust order based on the presence of an AON order. As set forth in Rule 5.32(b)(1), if an incoming order would lock the price of an AON resting on the book, the System reprices the AON rather than the incoming order. Therefore, if the AON is no longer in the book, there would be no reason to reprice the other order, making the reference to AON in subparagraph (2) regarding repricing is unnecessary.

Finally, the proposed rule change enhances the bulk message fat finger check set forth in Rule 5.34(a)(5). In accordance with the fat finger check, the System cancels or rejects any bulk message bid (offer) above (below) the NOB (NBB) by more than a specified amount determined by the Exchange.¹⁵ The proposed rule change indicates that the Exchange may also determine a minimum and maximum dollar value for the bulk message fat finger check.¹⁶ The Exchange believes Market-Makers may be willing to accept an execution at a price beyond the NBBO at the time of order entry, but not too far away. The purpose of the fat finger check is intended to reject bulk message bids and offers that on their face are likely to be entered at erroneous prices and thus prevent potentially erroneous executions. The proposed rule change to permit the Exchange to set a minimum and maximum value will provide the Exchange with the opportunity to set a meaningful buffer that is not “too close” to the NBBO (in other words, a de minimis

¹⁵ This check does not apply to bulk messages submitted prior to the conclusion of the opening process or when no NBBO is available.

¹⁶ The proposed rule change also makes a nonsubstantive change to say the System cancels or rejects any bulk message bid (offer) more than a buffer amount above (below) the NBO (NBB) to align the language with other rules.

buffer) but not “too far” from the NBBO (in other words, a buffer that is more likely to accept erroneously priced bulk messages). The proposed rule change also permits the Exchange to set the relevant amounts for the bulk message fat finger check on a class-by-class basis. Option classes have different characteristics and trading models, and the proposed flexibility will permit the Exchange to apply different parameters to address those differences.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.¹⁷ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁸ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

¹⁷ 15 U.S.C. 78f(b).

¹⁸ 15 U.S.C. 78f(b)(5).

¹⁹ Id.

In particular, the proposed rule change to enhance the Price Adjust process to adjust the price of Book Only orders and bulk messages submitted by Market-Makers through bulk ports will remove impediments to and perfect the mechanism of a free and open market. Market-Makers that have elected to have their bulk port interest subject to the Price Adjust process have indicated their desire to have the prices of that interest adjusted rather than have the System reject that interest. The proposed rule change is consistent with that election and will cause such interest to be repriced rather than rejected in a situation – when it would otherwise execute or lock against other M-Capacity interest – in addition to locking an away market. Therefore, the proposed rule change will permit additional Market-Maker interest to enter the book rather than be rejected. This additional liquidity may increase execution opportunities and tighten spreads, which ultimately benefits all investors.

The Exchange also believes the proposed rule change to codify that bulk message bids and offers may only be subject to single price adjust will benefit investors by adding transparency to the Rules. The Exchange understands that Market-Makers' automated quote streaming systems review their resting interest when the markets change and update as appropriate in accordance with their business and risk models. Therefore, the Exchange does not believe it is necessary for it also to review resting Market-Maker interest continuously and reprice as the market changes.

In addition, the Exchange believes the proposed change to the bulk message fat finger check will protect investors and the public interest as the check will continue to mitigate potential risks associated with Market-Makers submitting bulk message bids and offers at unintended prices, and risks associated with orders and quotes trading at prices

that are extreme and potentially erroneous, which may likely have resulted from human or operational error. The proposed enhancement that the Exchange will apply a minimum and maximum to the fat finger check will permit the Exchange to apply the fat finger check to bulk messages in a more meaningful way. The Exchange believes class flexibility is appropriate to permit the Exchange to apply reasonable buffers to classes, which may exhibit different trading characteristics and have different market models. The Exchange has other price checks and risk controls that permit it to set a minimum and maximum, as well as apply parameters on a class basis.²⁰

The proposed nonsubstantive and clarifying changes will protect investors by adding transparency to the Rules.

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, as the proposed changes will apply in the same manner to all Book Only orders and bulk messages submitted through a bulk port. The proposed rule change to codify that bulk messages will only be subject to single price adjust is appropriate given that Market-Makers' automated quote streaming systems review their resting interest when the markets change and update as appropriate in accordance with their business and risk models. Therefore, the Exchange does not believe it is necessary for it also to review resting Market-Maker interest continuously and reprice as the market changes. The Exchange does not believe the proposed rule

²⁰ See, e.g., Rule 5.34(a)(2) (market order NBBO width protection).

change will impose any burden on intermarket competition, as the proposed rule change applies to functionality that applies to incoming interest that may only rest or execute on the Exchange's book.

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

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

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

Because the foregoing proposed rule change does not:

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

shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act²¹ and Rule 19b-4(f)(6)²² 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

²¹ 15 U.S.C. 78s(b)(3)(A).

²² 17 CFR 240.19b-4(f)(6).

concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CBOE-2021-042 on the subject line.

Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CBOE-2021-042. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change;

the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CBOE-2021-042 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.²³

Secretary

²³ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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Rules of Cboe Exchange, Inc.

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Rule 5.32. Order and Quote Book Processing, Display, Priority, and Execution

(a) No change.

(b) *Price Adjust.*

(1) The System adjusts the price (“Price Adjust”) of an order designated as Price Adjust (or an order not designated as Cancel Back) (or remaining portion) that does not execute upon entry as follows:

(A) Incoming Non-AON Orders (Non-Bulk Port and Bulk Port Post Only Orders and Bulk Messages). If the bid (offer) of a buy (sell) non-AON order (i) submitted through a non-bulk port or (ii) Post Only order or bulk message submitted through a bulk port at the time of entry[,] would lock or cross:

(i) – (ii) No change.

(B) Incoming AON Orders (All Ports). If the bid (offer) of a buy (sell) AON order, at the time of entry, would:

(i) – (ii) No change.

(C) Incoming Book Only Non-AON Orders and Bulk Messages (Bulk Port). If the bid (offer) of a Book Only buy (sell) non-AON order or bulk message submitted through a bulk port at the time of entry would lock or cross:

(i) a Protected Offer (Bid) of another options exchange or a resting offer (bid) with a Capacity of M, the System ranks and displays the order at one minimum price variation below (above) the better of the current ABO (ABB) or resting M-Capacity offer (bid); or

(ii) the offer (bid) of a sell (buy) AON order resting on the Book at or better than the Exchange’s best offer (bid), the System ranks the resting AON order one minimum price variation above (below) the bid (offer) of the non-AON order.

(2) If the circumstances that caused the System to adjust the price of an order pursuant to subparagraph (1) change so that it would not lock or cross, as applicable, a Protected

Quotation, M Capacity order or bulk message, or an AON resting on the Book at a price at or better than the BBO, the System gives the Price Adjust order a new timestamp.

(A) If a User designated the order as eligible for single price adjust, or for all bulk message bids and offers, the System ranks and displays the order at the price of the Protected Quotation or M Capacity order or bulk message, as applicable, that was present in the Book at the time of order entry.

(B) If a User designated the order as eligible for multiple price adjust, [T]he System ranks [or]and displays the order at a price that [locks or] is one minimum price variation away from the new Protected Quotation [or AON] resting on the Book at or better than the BBO, as applicable. This may occur multiple times as the opposite side of the NBBO changes (up to the order's limit price).

(3) All Price Adjust orders that are re-ranked and re-displayed (if applicable) retain their priority as compared to other Price Adjust orders based upon the time the System initially received the orders. Following the initial ranking and display (if applicable) of a Price Adjust order, an order will only be re-ranked and re-displayed (if applicable) to the extent it achieves a more aggressive price up to its limit price.

[(3) The System adjusts the ranked and displayed price of an order subject to Price Adjust once or multiple times depending upon the User's instructions and changes to the prevailing NBBO.]

(c) *Additional Order Handling.*

(1) – (5) No change.

(6) *Cancel Back Book Only Bulk Messages and Orders Submitted Through Bulk Port.* The System cancels or rejects a Cancel Back Book Only bulk message bid (offer) or order bid (offer) (or unexecuted portion) submitted by a Market-Maker with an appointment in the class through a bulk port if it would execute against or lock a resting offer (bid) with a Capacity of M.

* * * * *

Rule 5.34. Order and Quote Price Protection Mechanisms and Risk Controls

The System's acceptance and execution of orders, quotes, and bulk messages, as applicable, pursuant to the Rules, including Rules 5.31 through 5.33, and orders routed to PAR pursuant to Rule 5.82 are subject to the following price protection mechanisms and risk controls, as applicable.

(a) *Simple Orders.*

(1) – (4) No change.

(5) *Bulk Message Fat Finger Check.* The System cancels or rejects any bulk message bid (offer) more than a buffer amount above (below) the NBO (NBB) [by more than a specified

amount], subject to a minimum and maximum dollar value, determined by the Exchange on a class-by-class basis. This check does not apply to bulk messages submitted prior to the conclusion of the Opening Process or when no NBBO is available.

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