

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of \* 19

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

File No. \* SR 2021 - \* 051

Amendment No. (req. for Amendments \*)

Filing by Cboe Exchange, Inc.

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

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

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 Rule 5.52 in connection with the minimum initial quote size requirement for Market-Makers.

### Contact Information

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

First Name \* Rebecca Last Name \* Tenuta

Title \* Senior Counsel

E-mail \* rtenuta@cboe.com

Telephone \* (312) 786-7068 Fax

### Signature

Pursuant to the requirements of the Securities Exchange of 1934, Cboe Exchange, Inc. has duty caused this filing to be signed on its behalf by the undersigned thereunto duty authorized.

Date 09/02/2021

(Title \*)

By Laura G. Dickman

(Name \*)

VP, Associate General Counsel

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

*Laura Dickman* Date: 2021.09.02 15:32:55 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

Add Remove View

21-051 (Min Quote Size Reject) 19b-4

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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21-051 (Min Quote Size Reject) Exhib

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 Advanced 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 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

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 Sent As Paper Document

**Exhibit 3 - Form, Report, or Questionnaire**

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

Exhibit Sent As Paper Document

**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**

Add Remove View

21-051 (Min Quote Size Reject) Exhibi

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

**Partial Amendment**

Add Remove View

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

**Item 1. Text of the Proposed Rule Change**

(a) Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to amend Rule 5.52 in connection with the minimum initial quote size requirement for Market-Makers. 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 August 18, 2021. The Exchange will announce the implementation date 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 Rebecca Tenuta, (312) 786-7068, Cboe Exchange, Inc., 400 South LaSalle, Chicago, Illinois 60605.

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

(a) Purpose

The Exchange proposes to amend Rule 5.52(b) to systematically reject Market-Maker quotes that do not meet the minimum initial quote size requirement determined by the Exchange.

Rule 5.52 governs Market-Maker quoting obligations on the Exchange. Specifically, Rule 5.52(b) provides that a Market-Maker’s bid (offer)<sup>1</sup> for a series must be accompanied by the minimum number of contracts determined by the Exchange on a class-by-class basis,

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<sup>1</sup> Pursuant to Rule 5.52, a Market Maker’s quotes must be firm, two-sided bids (offers) that meet the applicable minimum initial quote size requirement.

the minimum of which will be one contract at the price of the bid (offer) the Market-Maker is willing to buy (sell). The proposed rule change updates Rule 5.52(b) to provide that the System rejects a Market-Maker's bid (offer) that does not meet the minimum initial quote size determined by the Exchange for that class. Currently, the Exchange's Regulatory Division conducts surveillances to review for and enforce Market-Maker compliance with the minimum initial quote size requirements.<sup>2</sup> By allowing the System to automatically reject Market-Maker quotes that do not meet the applicable minimum initial quote requirements for that class, the proposed rule change is designed to reduce a regulatory surveillance burden on the Exchange in having to manually surveil for and enforce Market-Maker compliance with the minimum initial quote size requirements, thereby allowing the Exchange to reallocate regulatory resources to other regulatory processes. The proposed rule change will also serve as an additional risk control for Market-Makers quoting on the Exchange by reducing the compliance risk associated with inadvertently submitting a bid (offer) that does not meet the minimum initial quote size requirement for that class. The Exchange notes, too, that other Exchange Rules provide for systematically enforced compliance with certain trading rules and requirements, including order size requirements.<sup>3</sup>

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<sup>2</sup> Currently, the Exchange has an initial minimum quote size in place for SPX during Regular Trading Hours ("RTH"). See Regulatory Circular 20-025, Reinstatement of Minimum Intraday Electronic Quote Size in SPX (April 2, 2020) available at <https://cdn.cboe.com/resources/regulation/circulars/regulatory/RC20-025-Reinstatement-of-Minimum-Intraday-Electronic-Quote-Size-in-SPX.pdf>. The minimum size for all other classes is the default size of one contract.

<sup>3</sup> See e.g., Rule 5.66(a), which provides that Trading Permit Holders shall not effect Trade-Throughs, however, Rule 5.32(c) provides that the System cancels or rejects an order that would trade through a Protected Quotation (if not otherwise eligible for routing or the price-adjust process); and Rule 5.34(c)(3), which provides that the System cancels or rejects an incoming order or quote with a size that exceeds the maximum contract size (which the Exchange determines).

(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.<sup>4</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>5</sup> 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)<sup>6</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that, by having the System automatically reject Market-Maker quotes that do not meet the applicable minimum initial quote size requirement in a class, the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, will protect investors. In particular, the Exchange believes that the proposed rule change will reduce a surveillance burden on the Exchange in having to manually surveil for and enforce Market-Maker compliance with the minimum initial quote size requirements, thereby allowing the Exchange to reallocate regulatory resources into other regulatory functions. Additionally,

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<sup>4</sup> 15 U.S.C. 78f(b).

<sup>5</sup> 15 U.S.C. 78f(b)(5).

<sup>6</sup> Id.

the proposed rule change will benefit market participants by serving as an additional risk control for Market-Makers quoting on the Exchange and reducing the compliance risk associated with inadvertently submitting a bid (offer) that does not meet the minimum initial quote size requirement in that class. The proposed rule change does not present any new or novel issues or System functionality as other Exchange Rules provide for systematically enforced compliance with certain trading rules and requirements, including order size requirements.<sup>7</sup>

The Exchange also believes the proposed rule change is consistent with Section 6(b)(1) of the Act,<sup>8</sup> which provides that the Exchange be organized and have the capacity to be able to carry out the purposes of the Act and to enforce compliance by the Exchange's Trading Permit Holders and persons associated with its Trading Permit Holders with the Act, the rules and regulations thereunder, and the rules of the Exchange, as the System will automatically enforce the minimum initial quote size requirement for Market-Makers.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change is competitive in nature, but rather is designed to enhance the Exchange's enforcement of Exchange Rules. The proposed rule change is not adding or amending a Market-Maker quoting obligation; rather, it is merely automating surveillance of an existing obligation. The Exchange does not believe that the proposed rule change will impose any burden on intramarket

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<sup>7</sup> See supra note 3.

<sup>8</sup> 15 U.S.C. 78f(b)(1).

competition that is not necessary or appropriate in furtherance of the purposes of the Act because it will apply equally to all Market-Maker quotes that do not meet the applicable minimum initial quote size requirement for a class. The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because it is related to compliance with quoting requirements that are applicable only to Market-Makers on the Exchange.

**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 Act<sup>9</sup> and Rule 19b-4(f)(6)<sup>10</sup> thereunder.

(b) The Exchange designates that the proposed rule change effects a change that (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public

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<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

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 does not believe that the proposed rule change to have the System automatically reject Market-Maker quotes that do not meet the applicable minimum initial quote requirements in a class will significantly affect the protection of investors and the public interest because the proposed rule change is intended to reduce a surveillance burden on the Exchange in having to manually surveil for and enforce Market-Maker compliance with the minimum initial quoting requirements, which, in turn, will allow the Exchange to reallocate regulatory resources into other regulatory functions. The Exchange believes that the proposed rule change will protect investors and the public interest by assisting the Exchange in enforcing Market-Maker compliance with minimum initial quote size requirements and by providing an additional risk control for Market-Makers quoting on the Exchange, thus, reducing the compliance risk associated with inadvertently submitting a bid (offer) that does not meet the minimum initial quote size requirement in that class. The Exchange also does not believe the proposed rule change will significantly affect the protection of investors and the public interest because it does not present any new or novel issues or System functionality as other Exchange Rules provide for systematically enforced compliance with certain trading rules and requirements, including order size requirements.<sup>11</sup>

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<sup>11</sup> See supra note 3.

The Exchange does not believe that the proposed rule change will impose any significant burden on competition because it is not competitive in nature, but rather is designed to assist the Exchange in enforcing compliance with the Exchange Rules. The Exchange notes that the proposed rule change will apply equally to all Market-Maker quotes that do not meet the applicable minimum initial quote size requirement for a class and relates to compliance with a quoting requirement applicable only to Market-Makers on the Exchange. The proposed rule change is not adding or amending a Market-Maker quoting obligation; rather, it is merely automating surveillance of an existing obligation.

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

Exhibit 5.      Proposed rule text.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CBOE-2021-051]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rule 5.52 in Connection with the Minimum Initial Quote Size Requirement for Market-Makers

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> 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 Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder.<sup>4</sup> 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 amend Rule 5.52 in connection with the minimum initial quote size requirement for Market-Makers. The text of the proposed rule change is provided in Exhibit 5.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>4</sup> 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 amend Rule 5.52(b) to systematically reject Market-Maker quotes that do not meet the minimum initial quote size requirement determined by the Exchange.

Rule 5.52 governs Market-Maker quoting obligations on the Exchange. Specifically, Rule 5.52(b) provides that a Market-Maker's bid (offer)<sup>5</sup> for a series must be accompanied by the minimum number of contracts determined by the Exchange on a class-by-class basis, the minimum of which will be one contract at the price of the bid (offer) the Market-Maker is willing to buy (sell). The proposed rule change updates Rule 5.52(b) to provide that the System rejects a Market-Maker's bid (offer) that does not meet the minimum initial quote size determined by the Exchange for that class. Currently, the

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<sup>5</sup> Pursuant to Rule 5.52, a Market Maker's quotes must be firm, two-sided bids (offers) that meet the applicable minimum initial quote size requirement.

Exchange's Regulatory Division conducts surveillances to review for and enforce Market-Maker compliance with the minimum initial quote size requirements.<sup>6</sup> By allowing the System to automatically reject Market-Maker quotes that do not meet the applicable minimum initial quote requirements for that class, the proposed rule change is designed to reduce a regulatory surveillance burden on the Exchange in having to manually surveil for and enforce Market-Maker compliance with the minimum initial quote size requirements, thereby allowing the Exchange to reallocate regulatory resources to other regulatory processes. The proposed rule change will also serve as an additional risk control for Market-Makers quoting on the Exchange by reducing the compliance risk associated with inadvertently submitting a bid (offer) that does not meet the minimum initial quote size requirement for that class. The Exchange notes, too, that other Exchange Rules provide for systematically enforced compliance with certain trading rules and requirements, including order size requirements.<sup>7</sup>

## 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

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<sup>6</sup> Currently, the Exchange has an initial minimum quote size in place for SPX during Regular Trading Hours ("RTH"). See Regulatory Circular 20-025, Reinstatement of Minimum Intraday Electronic Quote Size in SPX (April 2, 2020) available at <https://cdn.cboe.com/resources/regulation/circulars/regulatory/RC20-025-Reinstatement-of-Minimum-Intraday-Electronic-Quote-Size-in-SPX.pdf>. The minimum size for all other classes is the default size of one contract.

<sup>7</sup> See e.g., Rule 5.66(a), which provides that Trading Permit Holders shall not effect Trade-Throughs, however, Rule 5.32(c) provides that the System cancels or rejects an order that would trade through a Protected Quotation (if not otherwise eligible for routing or the price-adjust process); and Rule 5.34(c)(3), which provides that the System cancels or rejects an incoming order or quote with a size that exceeds the maximum contract size (which the Exchange determines).

the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>8</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>9</sup> 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)<sup>10</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that, by having the System automatically reject Market-Maker quotes that do not meet the applicable minimum initial quote size requirement in a class, the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, will protect investors. In particular, the Exchange believes that the proposed rule change will reduce a surveillance burden on the Exchange in having to manually surveil for and enforce Market-Maker compliance with the minimum initial quote size requirements, thereby allowing the Exchange to reallocate regulatory resources into other regulatory functions. Additionally, the proposed rule change will benefit market participants by serving as an additional risk control for Market-Makers quoting on the Exchange and reducing the compliance risk

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<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

<sup>10</sup> Id.

associated with inadvertently submitting a bid (offer) that does not meet the minimum initial quote size requirement in that class. The proposed rule change does not present any new or novel issues or System functionality as other Exchange Rules provide for systematically enforced compliance with certain trading rules and requirements, including order size requirements.<sup>11</sup>

The Exchange also believes the proposed rule change is consistent with Section 6(b)(1) of the Act,<sup>12</sup> which provides that the Exchange be organized and have the capacity to be able to carry out the purposes of the Act and to enforce compliance by the Exchange's Trading Permit Holders and persons associated with its Trading Permit Holders with the Act, the rules and regulations thereunder, and the rules of the Exchange, as the System will automatically enforce the minimum initial quote size requirement for Market-Makers.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change is competitive in nature, but rather is designed to enhance the Exchange's enforcement of Exchange Rules. The proposed rule change is not adding or amending a Market-Maker quoting obligation; rather, it is merely automating surveillance of an existing obligation. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because it will apply equally to all Market-Maker quotes that do not meet the applicable

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<sup>11</sup> See supra note 7.

<sup>12</sup> 15 U.S.C. 78f(b)(1).

minimum initial quote size requirement for a class. The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because it is related to compliance with quoting requirements that are applicable only to Market-Makers on the Exchange.

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 Act<sup>13</sup> and Rule 19b-4(f)(6)<sup>14</sup> 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.

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<sup>13</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>14</sup> 17 CFR 240.19b-4(f)(6).

#### **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](mailto:rule-comments@sec.gov). Please include File Number SR-CBOE-2021-051 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-2021-051. 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-2021-051 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.<sup>15</sup>

Secretary

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<sup>15</sup> 17 CFR 200.30-3(a)(12).

## EXHIBIT 5

(additions are underlined; deletions are [bracketed])

\* \* \* \* \*

Rules of Cboe Exchange, Inc.

\* \* \* \* \*

**Rule 5.52. Market-Maker Quotes**

\* \* \* \* \*

(b) *Size*. A Market-Maker's bid (offer) for a series must be accompanied by the minimum number of contracts determined by the Exchange on a class-by-class basis, the minimum of which will be one contract at the price of the bid (offer) the Market-Maker is willing to buy (sell). The System rejects a Market-Maker's bid (offer) that does not meet the minimum initial quote size determined by the Exchange for that class.

(1) For SPX, the Exchange may also determine a minimum [an] initial quote size on a premium basis and an expiration basis for series with expirations (1) no more than one week, (2) between one week and three months, (3) between three months and six months, (4) between six months and 15 months, and (5) 15 months or more.

(2) The obligation of Market- Makers to make competitive markets under Rule 5.51 does not preclude Trading Permit Holders in a trading crowd from discussing a request for a market that is greater than the disseminated size for that option class, for the purpose of making a single bid (offer) based upon the aggregate of individual bids (offers) by Trading Permit Holders in the trading crowd, but only when the Trading Permit Holder representing the order asks for a single bid (offer). Whenever a single bid (offer) pursuant to this paragraph is made, such bid (offer) is a firm quote, and each ICMP participating in the bid (offer) must fulfill his portion of the single bid (offer) at the single price.

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