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

File No. * SR 2021 - * 053

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) *

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Section 806(e)(2) *

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

Section 3C(b)(2) *

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Exhibit 2 Sent As Paper Document

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Exhibit 3 Sent As Paper Document

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Description

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

The Exchange proposes to amend Rule 5.5(c) and Rule 5.6(d) to allow Users to instruct bulk messages with a Time-in-Force of Immediate-or-Cancel.

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 *	rtentuta@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 09/09/2021

(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: 2021.09.09
13:55:08 -04'00'

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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21-053 (IOC Bulk Messages) 19b4 (09

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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21-053 (IOC Bulk Messages) Exhibit 1

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.

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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.

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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

21-053 (IOC Bulk Messages) Exhibit 5

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 amend Rule 5.5(c) and Rule 5.6(d) in connection with Time-in-Force instructions available for bulk messages. 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 30, 2021.

(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 5.5(c) and Rule 5.6(d) to allow Users to instruct bulk messages with a Time-in-Force of Immediate-or-Cancel (“IOC”). Currently, Users may not designate bulk messages as IOC, which, pursuant to Rule 5.6(d), instructs a limit order to execute in whole or in part as soon as the System receives it. The System cancels and does not post to the Book an IOC order (or unexecuted portion) not executed immediately on the Exchange or another options exchange. A bulk message is a single electronic message a User submits with an M Capacity (i.e., 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. More, specifically, bulk message functionality is available to Market-Makers and permits them to update their electronic quotes in

block quantities across series in a class. Rule 5.5(c)(3)(A)(i) currently provides that a bulk message submitted through a dedicated logical port (i.e., a “bulk port”) has a Time-in-Force of Day. Pursuant to Rule 5.6(d), the term “Day” means, for an order so designated, an order or quote that, if not executed, expires at the RTH market close. All bulk messages have a Time in Force of DAY, as set forth in Rule 5.5(c). The Exchange notes that, pursuant to Rule 5.6(a), a Time-in-Force applied to a bulk message applies to each bid and offer within that bulk message.

The Exchange proposes to allow Market-Makers to designate bulk messages as IOC by amending the following: Rule 5.3(c)(3)(A)(i) to provide that a bulk message submitted through a bulk port has a Time-in-Force of Day or IOC; the definition of IOC in Rule 5.6(d) to provide that Users may designate bulk messages as IOC; and the definition of “Day” in Rule 5.6(d) to remove the language that all bulk messages have a Time-in-Force of DAY, as set forth in Rule 5.5(c), and instead provide that Users may designate bulk messages as Day.

A Market-Maker’s primary purpose is to provide liquidity to the market, which it may do in various ways, including resting quotes on the Book as well as submitting quotes to trade against other resting interest on the Book. In addition to providing liquidity via continuous quotes in a Market-Maker’s appointed classes,¹ as part of its quoting obligations, a Market-Maker is also required to maintain active markets in its appointed classes, update quotations in response to changed market conditions in its appointed classes and compete with other Market-Makers in its appointed classes.² As part of a Market-Maker’s efforts to satisfy these obligations, a Market-Maker may update quotes with the specific purpose of removing interest resting in the Book. This may provide additional execution opportunities for customers, thereby encouraging an increase in overall participation in an appointed class.

¹ See Rule 5.51(a)(1).

² See Rule 5.51(a)(3)-(5).

Currently, if a Market-Maker wishes to execute against interest in the Book, a Market-Maker will enter a Book Only bulk message or modify an existing bulk message to attempt to execute against such interest, followed immediately by a bulk message to cancel to cancel the preceding bulk message (or unexecuted portion) so that no portion of that bulk message will remain displayed on the Book. Essentially, in order to execute against interest on the Book, Market-Makers may currently send a sequence of bulk messages that mimic the result of an IOC instruction—ultimately the bulk message is cancelled and does not post to the Book if it is not executed immediately against resting interest. Sending a bulk message to cancel immediately following the submission of a bulk message or a bulk message modification to execute against resting interest creates an extra step for Market-Makers (compared to Trading Permit Holders (“TPHs”) that may use IOC orders to accomplish this) using bulk message functionality and requires the System to process additional messages. As such, the proposed rule change to permit Market-Makers to designate their bulk messages as IOC would allow them to attempt more effectively and efficiently to execute against interest in the Book and would reduce message traffic by eliminating the need for Market-Makers to send multiple messages to attempt this. The Exchange notes that Market-Makers may already use bulk messages to remove liquidity from the Book (if they so elect) using the “Book Only” instruction and, as described above, Market-Makers may already use bulk messages to remove liquidity without letting nonexecuted size rest on the Book. The proposed rule change merely streamlines the manner in which Market-Makers may already utilize bulk messages to execute against interest on the Book without sending an unexecuted bulk message (or unexecuted portion) to the Book thereafter. Also, Market-Makers may already designate their quotes submitted in an order as IOC.³

³ A “quote” or “quotation” is a firm bid or offer a Market-Maker may submit electronically

The Exchange notes that bulk message functionality is designed to facilitate Market-Makers quoting on the Exchange in connection with their responsibility as liquidity providers. For example, the current requirement that bulk messages have a Time-in-Force of Day is consistent with general practice of Market-Makers to enter new quotes at the beginning of each trading day, as well as a Market-Maker's obligation to update its quotes in response to changed market conditions in its appointed classes. The provision that allows Market-Makers to designate their bulk messages as Post Only or Book Only is intended to provide Market-Makers with flexibility to use these instructions to permit them to execute against resting interest upon entry or add liquidity to the Book in connection with their various obligations in a manner they deem appropriate.⁴ The Exchange believes that the proposed rule change likewise permits Market-Makers to use an instruction with respect to their bulk messages as an additional tool to provide liquidity to the market and meet their various obligations (such as maintaining active markets in an appointed class, updating quotations in response to changed market conditions in an appointed class and competing with other Market-Makers in an appointed class) in a manner they deem appropriate, which may include removing interest in the Book to subsequently post updated quotes at potentially tighter spreads and to provide additional execution opportunities at potentially improved prices. The Exchange also believes that the proposed rule change enhances a current means by which Market-Makers use bulk messages to

in an order or bulk message. See Rule 1.1. The Exchange also notes that, while Market-Makers may currently instruct their orders, including quotes submitted as orders, as IOC, the Exchange understands that Market-Makers predominantly conduct their trading activity through and design their business models around the use bulk messages.

⁴ See Securities Exchange Release Nos. 86374 (July 15, 2019), 84 FR 34963 (July 19, 2019) (SR-CBOE-2019-033); and 88816 (May 6, 2020), 85 FR 28131 (May 12, 2020) (SR-CBOE-2020-041). The Exchange notes that SR-CBOE-2019-033 implemented bulk message functionality to replace the Exchange's prior block quoting functionality, which likewise allowed a Market-Maker to submit a single message containing bids and offers in multiple series; however, the Exchange Rules did not prohibit an IOC designation for quotes submitted in block quantities.

facilitate the provision of liquidity on the Exchange. That is, Market-Makers using bulk messages with an IOC instruction, as proposed, may more efficiently execute against resting interest, thereby increasing execution opportunities for orders resting on the Book. An increase in transactions on the Exchange may facilitate tighter spreads and price discovery, and, as a result, encourage increased participation and additional order flow from other market participants. The Exchange notes that the submission of bulk messages to the Exchange is voluntary and that Market-Makers may continue to elect to use bulk messages designated as Day in the same manner as they do today, including sending a bulk message immediately followed by a cancel to attempt to execute against resting interest.

(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.⁵ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁶ 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

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

consistent with the Section 6(b)(5)⁷ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that the proposed rule change allowing Market-Makers to designate their bulk messages as IOC will remove impediments to and perfect the mechanism of a free and open market and national market system and benefit investors by permitting Market-Makers to more effectively and efficiently execute bulk messages against specific interest on the Book without posting an unexecuted bulk message (or unexecuted portion) to the Book thereafter. As described above, Market-Makers already submit bulk messages in a manner that mimics an IOC instruction; the proposed rule change merely streamlines this process for Market-Makers by allowing them to use a Time-in-Force instruction currently available for their orders (which may also contain a Market-Maker's quotes) on the Exchange today. In addition to this, Market-Makers may already include Book Only instructions that permit their bulk messages to remove liquidity from the Book. The proposed rule change is designed to benefit market participants by increasing efficiency and reducing additional message traffic by eliminating the need for Market-Makers to send an additional bulk message to cancel along with their bulk messages in instances in which they wish to execute against interest that appears on the Book. The proposed rule change allows Market-Makers to elect to use their bulk messages as additional tools to meet their various obligations in a manner they deem appropriate, consistent with the purpose of bulk message functionality to facilitate Market-Makers' provision of liquidity, which may include removing interest in the Book to subsequently post updated quotes at potentially tighter spreads and to provide additional execution opportunities at potentially improved prices. Also, the use of IOC bulk messages for Market-Makers may

⁷Id.

ultimately facilitate the provision of additional liquidity on the by increasing execution opportunities on the Exchange, as an increase in transactions on the Exchange may facilitate tighter spreads and price discovery, thereby encouraging increased participation and additional order flow from other market participants, to the benefit of all investors. Market-Makers may continue to elect to use bulk messages designated as Day in the same manner as they do today, including sending a bulk message immediately followed by a cancel to attempt to execute against resting interest.

Additionally, the Exchange does not believe that the proposed rule change would permit unfair discrimination as bulk message functionality is principally designed to facilitate the provision of liquidity by Market-Makers to the Exchange and help Market-Makers' satisfy their obligations. The Exchange believes that Market-Makers play a unique and critical role in the options market by providing liquid and active markets and are subject to various quoting obligations (which other market participants are not), including an obligation to maintain active markets, to update quotations in response to changed market conditions and to compete with other Market-Makers in its appointed classes. Bulk message functionality, including an IOC bulk message, provides Market-Makers with a means to help them satisfy these obligations. As noted above, Market-Makers are already able to use Book Only bulk messages to execute against resting liquidity in multiple series across a class and to cancel quotes in multiple series across a class. The proposed rule change simply allows Market-Makers to utilize their bulk messages in the same manner, just with a single message.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will change will impose any burden on

intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the IOC instruction for bulk messages will be available for all Market-Makers that choose to submit bulk messages. Use of the IOC instruction for bulk messages is voluntary, and Market-Makers may choose to continue to only apply the Day Time-in-Force to bulk messages and continue to attempt to execute bulk messages against resting interest using multiple messages as they do today. The proposed rule change permits Market-Makers to use a Time-in-Force that is already available to all TPHs, including Market-Makers, to apply to their orders. While only Market-Makers may submit IOC bulk messages (as only Market-Makers may currently submit any bulk messages), the Exchange believes this is appropriate given the various obligations Market-Makers must satisfy under the Rules and the unique and critical role Market-Makers play in the options market by providing liquid and active markets. The Exchange believes providing Market-Makers with flexibility to use the IOC instruction with respect to bulk messages will provide Market-Makers with an enhanced tool to provide liquidity to the market and satisfy their obligations in a manner they deem appropriate, as they are similarly able to do today by electing the Book Only and Post Only instructions for their bulk messages.

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 as it relates to quoting functionality available to Market-Makers on the Exchange. The Exchange notes that market participants on other exchanges are welcome to become Market-Makers on the Exchange if they determine that this proposed rule change has made participation as a Market-Maker on the Exchange more attractive or favorable.

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 Act⁸ and Rule 19b-4(f)(6)⁹ thereunder.

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

The Exchange does not believe that the proposed rule change to allow Market-Makers to submit bulk messages with an IOC instruction would significantly affect the protection of investors because Market-Makers already submit bulk messages in a manner that mimics an IOC instruction and the proposed rule change merely streamlines this process for Market-Markets by allowing them to use a Time-in-Force instruction already available for orders on the Exchange today. Rather, the proposed rule change is designed to benefit investors by increasing efficiency and reducing additional message traffic by eliminating the need for Market-Makers to send additional bulk message to cancel along with their bulk messages to execute in instances in

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(6).

which they desire to hit interest on the Book as it becomes available. All TPHs, including Market-Makers, may already designate their orders¹⁰ as IOC and may already include a Book Only instruction on their bulk messages to remove liquidity from multiple series across the class in the Book. The proposed rule change allows Market-Makers to elect to use their bulk messages in an enhanced manner to meet their various obligations in a manner they deem appropriate and to facilitate the provision of additional liquidity on the Exchange, consistent with the purpose of bulk message functionality. By allowing Market-Makers to more efficiently execute their quotes against resting interest in the Book, the Exchange believes the proposed rule change may provide additional execution opportunities, which may ultimately encourage increased participation and additional order flow from other market participants, to the benefit of all investors. Additionally, the Exchange does not believe the proposed rule change would significantly affect the protection of investors as Market-Makers will continue to be able to elect to use bulk messages with a designation of Day, including sending a bulk message immediately followed by a cancel to attempt to execute against resting interest. The proposed rule change does not raise any new or novel issues for investors or the public interest because, as stated above, Market-Makers may already submit bulk messages in a manner that mimics an IOC instruction, remove liquidity from multiple series across a class in the Book by including a Book Only instruction on their bulk messages, and cancel quotes in multiple series across a class. The proposed rule change simply allows Market-Makers to utilize their bulk messages in the same manner, just with a single message.

The Exchange does not believe that the proposed rule change will impose any significant burden on competition, because the IOC instruction for bulk messages will be available for all

¹⁰ See supra note 3.

Market-Makers that choose to submit bulk messages. While only Market-Makers may submit IOC bulk messages (as only Market-Makers may currently submit bulk messages), the Exchange believes this is appropriate given the various obligations Market-Makers must satisfy under the Rules and the unique and critical role Market-Makers play in the options market by providing liquid and active markets. The Exchange believes providing Market-Makers with flexibility to use the IOC instruction with respect to bulk messages will provide Market-Makers with an enhanced tool to meet their obligations in a manner they deem appropriate, as they are similarly able to do today using the Book Only and Post Only instructions for their bulk messages. The Exchange also notes that market participants on other exchanges that may not offer similar time-in-force designations in connection with quoting functionality are welcome to become Market-Makers on the Exchange if they determine that this proposed rule change has made participation as a Market-Maker on the Exchange more attractive or favorable.

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

Not applicable.

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-2021-053]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rule 5.5(c) and Rule 5.6(d) in Connection with Time-in-Force Instructions Available for Bulk Messages

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 amend Rule 5.5(c) and Rule 5.6(d) in connection with Time-in-Force instructions available for bulk messages. 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 amend Rule 5.5(c) and Rule 5.6(d) to allow Users to instruct bulk messages with a Time-in-Force of Immediate-or-Cancel ("IOC"). Currently, Users may not designate bulk messages as IOC, which, pursuant to Rule 5.6(d), instructs a limit order to execute in whole or in part as soon as the System receives it. The System cancels and does not post to the Book an IOC order (or unexecuted portion) not executed immediately on the Exchange or another options exchange. A bulk message is a single electronic message a User submits with an M Capacity (i.e., 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. More, specifically, bulk message functionality is available to Market-Makers and permits them to update their electronic quotes in block quantities across series in a class. Rule 5.5(c)(3)(A)(i) currently provides that a bulk message submitted through a dedicated logical port (i.e., a "bulk port") has a Time-in-Force

of Day. Pursuant to Rule 5.6(d), the term “Day” means, for an order so designated, an order or quote that, if not executed, expires at the RTH market close. All bulk messages have a Time in Force of DAY, as set forth in Rule 5.5(c). The Exchange notes that, pursuant to Rule 5.6(a), a Time-in-Force applied to a bulk message applies to each bid and offer within that bulk message.

The Exchange proposes to allow Market-Makers to designate bulk messages as IOC by amending the following: Rule 5.3(c)(3)(A)(i) to provide that a bulk message submitted through a bulk port has a Time-in-Force of Day or IOC; the definition of IOC in Rule 5.6(d) to provide that Users may designate bulk messages as IOC; and the definition of “Day” in Rule 5.6(d) to remove the language that all bulk messages have a Time-in-Force of DAY, as set forth in Rule 5.5(c), and instead provide that Users may designate bulk messages as Day.

A Market-Maker’s primary purpose is to provide liquidity to the market, which it may do in various ways, including resting quotes on the Book as well as submitting quotes to trade against other resting interest on the Book. In addition to providing liquidity via continuous quotes in a Market-Maker’s appointed classes,⁵ as part of its quoting obligations, a Market-Maker is also required to maintain active markets in its appointed classes, update quotations in response to changed market conditions in its appointed classes and compete with other Market-Makers in its appointed classes.⁶ As part of a Market-Maker’s efforts to satisfy these obligations, a Market-Maker may update quotes with the specific purpose of removing interest resting in the Book. This may provide additional execution opportunities for customers, thereby encouraging an increase in overall participation in an appointed class.

⁵ See Rule 5.51(a)(1).

⁶ See Rule 5.51(a)(3)-(5).

Currently, if a Market-Maker wishes to execute against interest in the Book, a Market-Maker will enter a Book Only bulk message or modify an existing bulk message to attempt to execute against such interest, followed immediately by a bulk message to cancel to cancel the preceding bulk message (or unexecuted portion) so that no portion of that bulk message will remain displayed on the Book. Essentially, in order to execute against interest on the Book, Market-Makers may currently send a sequence of bulk messages that mimic the result of an IOC instruction—ultimately the bulk message is cancelled and does not post to the Book if it is not executed immediately against resting interest. Sending a bulk message to cancel immediately following the submission of a bulk message or a bulk message modification to execute against resting interest creates an extra step for Market-Makers (compared to Trading Permit Holders (“TPHs”) that may use IOC orders to accomplish this) using bulk message functionality and requires the System to process additional messages. As such, the proposed rule change to permit Market-Makers to designate their bulk messages as IOC would allow them to attempt more effectively and efficiently to execute against interest in the Book and would reduce message traffic by eliminating the need for Market-Makers to send multiple messages to attempt this. The Exchange notes that Market-Makers may already use bulk messages to remove liquidity from the Book (if they so elect) using the “Book Only” instruction and, as described above, Market-Makers may already use bulk messages to remove liquidity without letting nonexecuted size rest on the Book. The proposed rule change merely streamlines the manner in which Market-Makers may already utilize bulk messages to execute against interest on the Book without sending an unexecuted bulk message (or unexecuted portion) to the Book

thereafter. Also, Market-Makers may already designate their quotes submitted in an order as IOC.⁷

The Exchange notes that bulk message functionality is designed to facilitate Market-Makers quoting on the Exchange in connection with their responsibility as liquidity providers. For example, the current requirement that bulk messages have a Time-in-Force of Day is consistent with general practice of Market-Makers to enter new quotes at the beginning of each trading day, as well as a Market-Maker's obligation to update its quotes in response to changed market conditions in its appointed classes. The provision that allows Market-Makers to designate their bulk messages as Post Only or Book Only is intended to provide Market-Makers with flexibility to use these instructions to permit them to execute against resting interest upon entry or add liquidity to the Book in connection with their various obligations in a manner they deem appropriate.⁸ The Exchange believes that the proposed rule change likewise permits Market-Makers to use an instruction with respect to their bulk messages as an additional tool to provide liquidity to the market and meet their various obligations (such as maintaining active markets in an appointed class, updating quotations in response to changed market

⁷ A "quote" or "quotation" is a firm bid or offer a Market-Maker may submit electronically in an order or bulk message. See Rule 1.1. The Exchange also notes that, while Market-Makers may currently instruct their orders, including quotes submitted as orders, as IOC, the Exchange understands that Market-Makers predominantly conduct their trading activity through and design their business models around the use bulk messages.

⁸ See Securities Exchange Release Nos. 86374 (July 15, 2019), 84 FR 34963 (July 19, 2019) (SR-CBOE-2019-033); and 88816 (May 6, 2020), 85 FR 28131 (May 12, 2020) (SR-CBOE-2020-041). The Exchange notes that SR-CBOE-2019-033 implemented bulk message functionality to replace the Exchange's prior block quoting functionality, which likewise allowed a Market-Maker to submit a single message containing bids and offers in multiple series; however, the Exchange Rules did not prohibit an IOC designation for quotes submitted in block quantities.

conditions in an appointed class and competing with other Market-Makers in an appointed class) in a manner they deem appropriate, which may include removing interest in the Book to subsequently post updated quotes at potentially tighter spreads and to provide additional execution opportunities at potentially improved prices. The Exchange also believes that the proposed rule change enhances a current means by which Market-Makers use bulk messages to facilitate the provision of liquidity on the Exchange. That is, Market-Makers using bulk messages with an IOC instruction, as proposed, may more efficiently execute against resting interest, thereby increasing execution opportunities for orders resting on the Book. An increase in transactions on the Exchange may facilitate tighter spreads and price discovery, and, as a result, encourage increased participation and additional order flow from other market participants. The Exchange notes that the submission of bulk messages to the Exchange is voluntary and that Market-Makers may continue to elect to use bulk messages designated as Day in the same manner as they do today, including sending a bulk message immediately followed by a cancel to attempt to execute against resting interest.

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.⁹ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁰ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

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)¹¹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that the proposed rule change allowing Market-Makers to designate their bulk messages as IOC will remove impediments to and perfect the mechanism of a free and open market and national market system and benefit investors by permitting Market-Makers to more effectively and efficiently execute bulk messages against specific interest on the Book without posting an unexecuted bulk message (or unexecuted portion) to the Book thereafter. As described above, Market-Makers already submit bulk messages in a manner that mimics an IOC instruction; the proposed rule change merely streamlines this process for Market-Markets by allowing them to use a Time-in-Force instruction currently available for their orders (which may also contain a Market-Maker's quotes) on the Exchange today. In addition to this, Market-Makers may already include Book Only instructions that permit their bulk messages to remove liquidity from the Book. The proposed rule change is designed to benefit market participants by increasing efficiency and reducing additional message traffic by eliminating the need for Market-Makers to send an additional bulk message to cancel along with their bulk messages in instances in which they wish to execute against

¹¹ Id.

interest that appears on the Book. The proposed rule change allows Market-Makers to elect to use their bulk messages as additional tools to meet their various obligations in a manner they deem appropriate, consistent with the purpose of bulk message functionality to facilitate Market-Makers' provision of liquidity, which may include removing interest in the Book to subsequently post updated quotes at potentially tighter spreads and to provide additional execution opportunities at potentially improved prices. Also, the use of IOC bulk messages for Market-Makers may ultimately facilitate the provision of additional liquidity on the by increasing execution opportunities on the Exchange, as an increase in transactions on the Exchange may facilitate tighter spreads and price discovery, thereby encouraging increased participation and additional order flow from other market participants, to the benefit of all investors. Market-Makers may continue to elect to use bulk messages designated as Day in the same manner as they do today, including sending a bulk message immediately followed by a cancel to attempt to execute against resting interest.

Additionally, the Exchange does not believe that the proposed rule change would permit unfair discrimination as bulk message functionality is principally designed to facilitate the provision of liquidity by Market-Makers to the Exchange and help Market-Makers' satisfy their obligations. The Exchange believes that Market-Makers play a unique and critical role in the options market by providing liquid and active markets and are subject to various quoting obligations (which other market participants are not), including an obligation to maintain active markets, to update quotations in response to changed market conditions and to compete with other Market-Makers in its appointed classes. Bulk message functionality, including an IOC bulk message, provides Market-

Makers with a means to help them satisfy these obligations. As noted above, Market-Makers are already able to use Book Only bulk messages to execute against resting liquidity in multiple series across a class and to cancel quotes in multiple series across a class. The proposed rule change simply allows Market-Makers to utilize their bulk messages in the same manner, just with a single message.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the IOC instruction for bulk messages will be available for all Market-Makers that choose to submit bulk messages. Use of the IOC instruction for bulk messages is voluntary, and Market-Makers may choose to continue to only apply the Day Time-in-Force to bulk messages and continue to attempt to execute bulk messages against resting interest using multiple messages as they do today. The proposed rule change permits Market-Makers to use a Time-in-Force that is already available to all TPHs, including Market-Makers, to apply to their orders. While only Market-Makers may submit IOC bulk messages (as only Market-Makers may currently submit any bulk messages), the Exchange believes this is appropriate given the various obligations Market-Makers must satisfy under the Rules and the unique and critical role Market-Makers play in the options market by providing liquid and active markets. The Exchange believes providing Market-Makers with flexibility to use the IOC instruction with respect to bulk messages will provide Market-Makers with an enhanced tool to provide liquidity to the market and satisfy their obligations in a manner they deem

appropriate, as they are similarly able to do today by electing the Book Only and Post Only instructions for their bulk messages.

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 as it relates to quoting functionality available to Market-Makers on the Exchange. The Exchange notes that market participants on other exchanges are welcome to become Market-Makers on the Exchange if they determine that this proposed rule change has made participation as a Market-Maker on the Exchange more attractive or favorable.

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 Act¹² and Rule 19b-4(f)(6)¹³ 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

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(6).

necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CBOE-2021-053 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-2021-053. 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-2021-053 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.¹⁴

Secretary

¹⁴ 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 5.5. System Access and Connectivity

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(c) *Ports*. A User may connect to the Exchange using a logical port available through an API, such as the industry-standard Financial Information eXchange (“FIX”) protocol or Binary Order Entry (“BOE”) protocol. Users may use multiple logical ports. The term “port” includes the following types of ports:

(1)-(2) No change.

(3) A “bulk port” is a dedicated logical port that provides Users with the ability to submit:

(A) bulk messages, subject to the following:

(i) a bulk message has a Time-in-Force of Day or IOC;

(ii) a Market-Maker with an appointment in a class may designate a bulk message for that class as Post Only or Book Only, and a non-appointed Market-Maker must designate a bulk message for that class as Post Only; and

(iii) a Market-Maker may establish a default MTP Modifier of MCN, MCO, or MCB, and a default value of Attributable or Non-Attributable, for a bulk port, each of which applies to all bulk messages submitted to the Exchange through that bulk port;

* * * * *

Rule 5.6. Order Types, Order Instructions, and Times-in-Force

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(d) *Time-in-Force*. A “Time-in-Force” means the period of time the System holds an order or quote, subject to the restrictions set forth in paragraph (j) below with respect to bulk messages submitted through bulk ports, for potential execution. Unless otherwise specified in the Rules or the context indicates otherwise, the Exchange determines which of the following Times-in-Force are available on a class, system, or trading session basis. Rule 5.33 sets forth the Times-in-Force the Exchange may make available for complex orders.

Day

The term “Day” means, for an order so designated, an order or quote that, if not executed, expires at the RTH market close. [All bulk messages have a Time in Force of DAY, as set forth in Rule 5.5(c)]Users may designate bulk messages as Day.

* * * * *

Immediate-or-Cancel and IOC

The terms “Immediate-or-Cancel” and “IOC” mean, for an order so designated, a limit order that must execute in whole or in part as soon as the System receives it; the System cancels and does not post to the Book an IOC order (or unexecuted portion) not executed immediately on the Exchange or another options exchange. Users may [not] designate bulk messages as IOC. A User may not designate an IOC order as Direct to PAR.

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