

Required fields are shown with yellow backgrounds and asterisks.

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

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

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<input type="checkbox"/>

Description

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

The Exchange proposes to amend its Fees Schedule.

Contact Information

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

First Name * Sarah	Last Name * Tadtman
Title * Counsel	
E-mail * stadtman@cboe.com	
Telephone * (913) 815-7203	Fax

Signature

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

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

(Title *)

Date 01/04/2021	VP, Associate General Counsel
By Kyle Murray	
(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 *

Add Remove View

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

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

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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

Add Remove View

Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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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

Add Remove View

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

Partial Amendment

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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) Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend the fee schedule applicable to Members and non-Members³ of the Exchange pursuant to BZX Rules 15.1(a) and (c). Changes to the fee schedule pursuant to this proposal are effective upon filing. The text of the proposed rule change is attached as Exhibit 5. Material proposed to be added is underlined. Material proposed to be deleted is enclosed in brackets.

(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 December 30, 2020.

(b) Please refer questions and comments on the proposed rule change to Patrick Sexton, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-7467, or Sarah Tadtman, Counsel, (913) 815-7203.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ A Member is defined as “any registered broker or dealer that has been admitted to membership in the Exchange.” See Exchange Rule 1.5(n).

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 the fee schedule applicable to its equities trading platform (“BZX Equities”) to update the Standard Rates and Enhanced Rates provided under the Lead Market Maker (“LMM”) Liquidity Provision Rates, effective January 4, 2021. The Exchange believes the proposed changes will better incentivize LMMs to meet the Standard and Enhanced Minimum Performance Standards where their average aggregate daily auction volume is 1,000,000 shares or less.

The Exchange first notes that its listing business operates in a highly-competitive market in which market participants, which includes issuers of securities, LMMs, and other liquidity providers, can readily transfer their listings, opt not to participate, or direct order flow to competing venues if they deem fee levels, liquidity provision incentive programs, or any other factor at a particular venue to be insufficient or excessive. The proposed rule changes reflect a competitive pricing structure designed to incentivize market participants to participate as LMMs in the Exchange’s LMM Program, which the Exchange believes will enhance market quality in all securities listed on the Exchange and encourage issuers to list new products and transfer existing products to the Exchange.

The Exchange currently offers daily incentives for LMMs in Exchange Traded Products (“ETPs”) listed on the Exchange for which the LMM meets certain Minimum Performance Standards.⁴ Such daily incentives are determined based on the number of

⁴ As defined in Rule 11.8(e)(1)(E), the term “Minimum Performance Standards” means a set of standards applicable to an LMM that may be determined from time to time by the Exchange. Such standards will vary between LMM Securities depending on the price, liquidity, and volatility of the LMM Security in which the LMM is registered. The performance measurements will include: (A) percent of

Cboe-listed ETPs for which the LMM meets such Minimum Performance Standards and the average auction volume across such securities. Generally speaking, the more LMM Securities⁵ for which the LMM meets the Minimum Performance Standards and the higher the auction volume across those ETPs, the greater the total daily payment to the LMM. Such daily incentive Standard Rates are structured as follows:

	Average Aggregate Daily Auction Volume in LMM Securities					
	0-10,000	10,001-100,000	100,001-500,000	500,001-1,000,000	1,000,001-3,000,000	3,000,001 or greater
Daily Incentive for each Qualified Security 1-5	\$10	\$25	\$40	\$50	\$150	\$200
Daily Incentive for each Qualified Security 6-25	\$10	\$25	\$25	\$30	\$100	\$150
Daily Incentive for each Qualified Security 26-50	\$10	\$10	\$20	\$25	\$75	\$100
Daily Incentive for each Qualified Security 51-100	\$10	\$10	\$15	\$20	\$50	\$75
Daily Incentive for each Qualified Security Greater Than 100	\$10	\$10	\$15	\$15	\$25	\$50

By way of example, if an LMM has 30 LMM Securities, each of which is a Qualified ETP,⁶ 10 of which each have an average daily auction volume of 5,000 shares (combined between the opening and closing auction), 10 of which each have an average

time at the NBBO; (B) percent of executions better than the NBBO; (C) average displayed size; and (D) average quoted spread. For additional detail, see Original LMM Filing.

⁵ As defined in Rule 11.8(e)(1)(D), the term “LMM Security” means an ETP that has an LMM.

⁶ As provided in footnote 14 of the Fee Schedule, a “Qualified ETP” is an ETP for which an LMM is a Qualified LMM.

daily auction volume of 50,000 shares (combined between the opening and closing auction), and 10 of which each have an average daily auction volume of 200,000 shares (combined between the opening and closing auction), then the LMM would fall into the fifth column ($10 \times 5,000 + 10 \times 50,000 + 10 \times 200,000 = 2,550,000$ average aggregate daily auction volume). As such, the LMM would receive \$150 each for five Qualified ETPs, \$100 each for Qualified ETPs 6-25, and \$75 each for Qualified ETPs 26-30. This would result in a daily payment of $(\$150 \times 5) + (\$100 \times 20) + (\$75 \times 5) = \$3,125$ to the LMM.

LMMs that meet a more stringent set of standards also receive enhanced daily incentives (i.e., the Enhanced Rates), as follows:

	Average Aggregate Daily Auction Volume in LMM Securities					
	0-10,000	10,001-100,000	100,001-500,000	500,001-1,000,000	1,000,001-3,000,000	3,000,001 or greater
Daily Incentive for each Enhanced Security 1-5	\$2.50	\$6.25	\$10	\$12.50	\$37.50	\$50
Daily Incentive for each Enhanced Security 6-25	\$2.50	\$6.25	\$6.25	\$7.50	\$25	\$37.50
Daily Incentive for each Enhanced Security 26-50	\$2.50	\$2.50	\$5	\$6.25	\$18.75	\$25
Daily Incentive for each Enhanced Security 51-100	\$2.50	\$2.50	\$3.75	\$5	\$12.50	\$18.75
Daily Incentive for each Enhanced Security Greater Than 100	\$2.50	\$2.50	\$3.75	\$3.75	\$6.25	\$12.50

Using the same example as above, where the LMM has 30 LMM Securities, 10 of which are Enhanced ETPs, which have 2,550,000 shares of average aggregate daily auction volume in LMM Securities, the issuer would fall into the fifth column. As such, the LMM would receive an additional \$37.50 for each of its first five Enhanced ETPs and

an additional \$25 each for Enhanced ETPs 6-10. This would result in an additional daily payment of $(\$37.50*5) + (\$25*5) = \$312.50$ to the LMM.

Proposed Changes

The Exchange proposes to amend the Standard Rates and Enhanced Rates discussed above. First, the Exchange proposes to eliminate the sixth column of both the Standard Rates and Enhanced Rates so that average aggregate daily auction volume of 1,000,001 shares or more is considered the highest average aggregate daily auction volume column.

Second, the Exchange proposes to reduce the Standard Rates payments for average aggregate daily auction volume of 1,000,001 shares or more for each row of Qualified Security ranges. Specifically, the Exchange proposes to reduce the payments in the fifth column as follows: \$100 Daily Incentive for each Qualified Security 1-5, \$70 Daily Incentive for each Qualified Security 6-25, \$50 Daily Incentive for each Qualified Security 26-50, \$25 Daily Incentive for each Qualified Security 51-100, and \$20 Daily Incentive for each Qualified Security greater than 100.

For instance, using the same example as above, where the LMM has 30 LMM Securities, 10 of which each have an average daily auction volume of 5,000 shares, 10 of which each have an average daily auction volume of 50,000 shares, and 10 of which each have an average daily auction volume of 200,000 shares, then the LMM would fall into the fifth column ($10*5,000 + 10*50,000 + 10*200,000 = 2,550,000$ average aggregate daily auction volume). As such, under the proposed Standard Rates the LMM would receive \$100 each for Qualified ETPs 1-5, \$70 each for Qualified ETPs 6-25, and \$50

each for Qualified ETPs 26-30. This would result in a daily payment of $(\$100*5) + (\$70*20) + (\$50*5) = \$2,150$ to the LMM.

Third, the Exchange proposes to decrease the Enhanced Rates payments for securities with average aggregate daily auction volume over 1,000,000 shares and increase the Enhanced Rates payments for securities with average aggregate daily auction volume of 1,000,000 shares or lower. Specifically, the Exchange proposes the following Enhanced Rates:

	Average Aggregate Daily Auction Volume in LMM Securities				
	0-10,000	10,001-100,000	100,001-500,000	500,001-1,000,000	1,000,001 or greater
Daily Incentive for each Enhanced Security 1-5	\$3	\$7.50	\$12	\$15	\$30
Daily Incentive for each Enhanced Security 6-25	\$3	\$7.50	\$7.50	\$9	\$21
Daily Incentive for each Enhanced Security 26-50	\$3	\$3	\$6	\$7.50	\$15
Daily Incentive for each Enhanced Security 51-100	\$3	\$3	\$4.50	\$6	\$7.50
Daily Incentive for each Enhanced Security Greater Than 100	\$3	\$3	\$4.50	\$4.50	\$6

The proposed changes are designed to encourage LMMs with average aggregate daily auction volume of 1,000,000 shares or less to meet the Standard and Enhanced Minimum Performance Standards. The proposed changes would decrease payments in LMM securities with average aggregate daily auction volume of 1,000,001 shares or

greater. Using the same example above, where the LMM has 30 LMM Securities, 10 of which are Enhanced ETPs, which have 2,550,000 shares of average aggregate daily auction volume in LMM Securities, the issuer would fall into the fifth column. As such, the LMM would receive an additional \$30 for each of its first five Enhanced ETPs and an additional \$21 each for Enhanced ETPs 6-10. This would result in an additional daily payment of $(\$30*5) + (\$21*5) = \$255$ to the LMM as opposed to the \$312.50 it would receive under the current Enhanced Rates.

However, the proposed Enhanced Rates are also designed to increase payments in LMM Securities with 1,000,000 or less average aggregate daily auction volume. For example, if an LMM has 30 LMM Securities, each of which is a Qualified ETP, 10 of which each have an average daily auction volume of 500 shares, 10 of which each have an average daily auction volume of 10,000 shares, and 10 of which each have an average daily auction volume of 20,000 shares, then the LMM would fall into the third column ($10*500 + 10*10,000 + 10*20,000 = 305,000$ average aggregate daily auction volume). As such, the LMM would receive \$12 each for Qualified ETPs 1-5, \$7.50 each for Qualified ETPs 6-25, and \$6 each for Qualified ETPs 26-30. This would result in a daily payment of $(\$12*5) + (\$7.50*20) + (\$6*5) = \240 to the LMM. Under the current Enhanced Rates, the LMM would receive a daily payment of $(\$10*5) + (6.25*20) + (5*5) = \200 .

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the

requirements of Section 6(b) of the Act.⁷ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁸ 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)⁹ as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange also notes that its listing business operates in a highly-competitive market in which market participants, which includes issuers of securities, LMMs, and other liquidity providers, can readily transfer their listings, opt not to participate, or direct order flow to competing venues if they deem fee levels, liquidity provision incentive programs, or any other factor at a particular venue to be insufficient or excessive. The proposed rule changes reflect a competitive pricing structure designed to incentivize market participants to participate as LMMs in the Exchange's LMM Program, which the Exchange believes will enhance market quality in all securities listed on the Exchange and encourage issuers to list new products and transfer existing products to the Exchange.

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

⁹ Id.

The Exchange believes that the proposed changes to the Standard Rates and Enhanced Rates of the LMM Liquidity Provision Rates are consistent with the Act and represent a reasonable, equitable, and not unfairly discriminatory means to incentivize liquidity provision in ETPs listed on the Exchange. The marketplace for listings is extremely competitive and there are several other national securities exchanges that offer ETP listings. Transfers between listing venues occur frequently for numerous reasons, including market quality. This proposal is intended to help the Exchange compete as an ETP listing venue. Specifically, the Exchange believes that the proposal is reasonable because it believes that the proposed amendments will encourage LMMs with lower aggregate auction volumes to meet the Enhanced Minimum Performance Standards. The Exchange believes that incentivizing such LMMs to meet the Enhanced Minimum Performance Standards will increase market quality in lower volume BZX-listed ETPs. To the extent that market quality in any BZX-listed ETP is negatively impacted, competitive forces would generally dictate that the primary listing venue enhance their own liquidity provision programs or that the security would transfer to a different primary listing venue.

The Exchange believes that the proposal represents an equitable allocation of payments and is not unfairly discriminatory because, while the proposed payments apply only to LMMs, such LMMs must meet rigorous Minimum Performance Standards in order to receive the payments. Where an LMM does not meet the Minimum Performance Standards for the Standard and Enhanced Rates, they will not receive the applicable payment. Further, registration as an LMM is available equally to all Members and allocation of listed ETPs between LMMs is governed by Exchange Rule 11.8(e)(2). If an

LMM does not meet the Minimum Performance Standards for three out of the past four months, the LMM is subject to forfeiture of LMM status for that LMM Security, at the Exchange's discretion.

Further, the proposed daily payment amounts would continue to be based specifically on the Exchange's revenue model. For ETPs with greater auction volume, the Exchange generally makes more money and, thus, is able to offer LMMs with LMM Securities that have higher average aggregate daily auction volume higher payments. Specifically, the payment per Qualified ETP (and thus the total payment to an LMM) generally goes up as the CADV moves from left to right because as the average aggregate daily auction volume in LMM Securities increases, the Exchange will generate additional revenue and can thus support increased payments to LMMs. Similarly, the payments per Qualified ETP generally go down as the number of Qualified ETPs goes up in order to ensure that the daily incentive payments do not exceed the Exchange's revenue for that LMM's LMM Securities while still providing incentives for LMMs to take on additional ETPs. While the proposed changes would reduce payments to LMMs with higher average aggregate daily auction volume, such payments would still be higher than the proposed increased payments for LMMs with lower average aggregate daily auction volume. As such, the Exchange believes that the proposal is an equitable allocation of payments and is not unfairly discriminatory.

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe the proposed change burdens competition, but rather, enhances competition as it is intended to increase the competitiveness of BZX both

among Members by incentivizing Members to become LMMs in BZX-listed ETPs and as a listing venue by enhancing market quality in BZX-listed ETPs. The marketplace for listings is extremely competitive and there are several other national securities exchanges that offer ETP listings. Transfers between listing venues occur frequently for numerous reasons, including market quality. This proposal is intended to help the Exchange compete as an ETP listing venue. Accordingly, the Exchange does not believe that the proposed change will impair the ability of issuers, LMMs, or competing ETP listing venues to maintain their competitive standing. The Exchange also notes that the proposed change is intended to enhance market quality in BZX-listed ETPs, to the benefit of all investors in BZX-listed ETPs. The Exchange does not believe the proposed amendment would burden intra-market competition as it would be available to all Members uniformly. Registration as an LMM is available equally to all Members and allocation of listed ETPs between LMMs is governed by Exchange Rule 11.8(e)(2). Further, if an LMM does not meet the Minimum Performance Standards for three out of the past four months, the LMM is subject to forfeiture of LMM status for that LMM Security, at the Exchange's discretion.

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

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

Item 6. Extension of Time Period for Commission Action

Not applicable.

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

(a) The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act¹⁰ and Rule 19b-4(f)(2)¹¹ thereunder.

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

(c) Not applicable.

(d) Not applicable.

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.

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(2).

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

Not applicable.

Item 11. Exhibits

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

Exhibit 5. Proposed rule text.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CboeBZX-2021-004]

[Insert date]

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

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

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

Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend the fee schedule. The text of the proposed rule change is provided in Exhibit 5.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

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

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

1. Purpose

The Exchange proposes to amend the fee schedule applicable to its equities trading platform ("BZX Equities") to update the Standard Rates and Enhanced Rates provided under the Lead Market Maker ("LMM") Liquidity Provision Rates, effective January 4, 2021. The Exchange believes the proposed changes will better incentivize LMMs to meet the Standard and Enhanced Minimum Performance Standards where their average aggregate daily auction volume is 1,000,000 shares or less.

The Exchange first notes that its listing business operates in a highly-competitive market in which market participants, which includes issuers of securities, LMMs, and other liquidity providers, can readily transfer their listings, opt not to participate, or direct order flow to competing venues if they deem fee levels, liquidity provision incentive programs, or any other factor at a particular venue to be insufficient or excessive. The proposed rule changes reflect a competitive pricing structure designed to incentivize market participants to participate as LMMs in the Exchange's LMM Program, which the Exchange believes will enhance market quality in all securities listed on the Exchange and encourage issuers to list new products and transfer existing products to the Exchange.

The Exchange currently offers daily incentives for LMMs in Exchange Traded Products (“ETPs”) listed on the Exchange for which the LMM meets certain Minimum Performance Standards.³ Such daily incentives are determined based on the number of Cboe-listed ETPs for which the LMM meets such Minimum Performance Standards and the average auction volume across such securities. Generally speaking, the more LMM Securities⁴ for which the LMM meets the Minimum Performance Standards and the higher the auction volume across those ETPs, the greater the total daily payment to the LMM. Such daily incentive Standard Rates are structured as follows:

	Average Aggregate Daily Auction Volume in LMM Securities					
	0-10,000	10,001-100,000	100,001-500,000	500,001-1,000,000	1,000,001-3,000,000	3,000,001 or greater
Daily Incentive for each Qualified Security 1-5	\$10	\$25	\$40	\$50	\$150	\$200
Daily Incentive for each Qualified Security 6-25	\$10	\$25	\$25	\$30	\$100	\$150
Daily Incentive for each Qualified Security 26-50	\$10	\$10	\$20	\$25	\$75	\$100
Daily Incentive for each Qualified Security 51-100	\$10	\$10	\$15	\$20	\$50	\$75
Daily Incentive for each Qualified Security Greater	\$10	\$10	\$15	\$15	\$25	\$50

³ As defined in Rule 11.8(e)(1)(E), the term “Minimum Performance Standards” means a set of standards applicable to an LMM that may be determined from time to time by the Exchange. Such standards will vary between LMM Securities depending on the price, liquidity, and volatility of the LMM Security in which the LMM is registered. The performance measurements will include: (A) percent of time at the NBBO; (B) percent of executions better than the NBBO; (C) average displayed size; and (D) average quoted spread. For additional detail, see Original LMM Filing.

⁴ As defined in Rule 11.8(e)(1)(D), the term “LMM Security” means an ETP that has an LMM.

Than 100						
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By way of example, if an LMM has 30 LMM Securities, each of which is a Qualified ETP,⁵ 10 of which each have an average daily auction volume of 5,000 shares (combined between the opening and closing auction), 10 of which each have an average daily auction volume of 50,000 shares (combined between the opening and closing auction), and 10 of which each have an average daily auction volume of 200,000 shares (combined between the opening and closing auction), then the LMM would fall into the fifth column ($10 \times 5,000 + 10 \times 50,000 + 10 \times 200,000 = 2,550,000$ average aggregate daily auction volume). As such, the LMM would receive \$150 each for five Qualified ETPs, \$100 each for Qualified ETPs 6-25, and \$75 each for Qualified ETPs 26-30. This would result in a daily payment of $(\$150 \times 5) + (\$100 \times 20) + (\$75 \times 5) = \$3,125$ to the LMM.

LMMs that meet a more stringent set of standards also receive enhanced daily incentives (i.e., the Enhanced Rates), as follows:

	Average Aggregate Daily Auction Volume in LMM Securities					
	0-10,000	10,001-100,000	100,001-500,000	500,001-1,000,000	1,000,001-3,000,000	3,000,001 or greater
Daily Incentive for each Enhanced Security 1-5	\$2.50	\$6.25	\$10	\$12.50	\$37.50	\$50
Daily Incentive for each Enhanced Security 6-25	\$2.50	\$6.25	\$6.25	\$7.50	\$25	\$37.50
Daily Incentive for each Enhanced Security 26-50	\$2.50	\$2.50	\$5	\$6.25	\$18.75	\$25
Daily Incentive for each Enhanced Security 51-100	\$2.50	\$2.50	\$3.75	\$5	\$12.50	\$18.75
Daily Incentive for	\$2.50	\$2.50	\$3.75	\$3.75	\$6.25	\$12.50

⁵ As provided in footnote 14 of the Fee Schedule, a “Qualified ETP” is an ETP for which an LMM is a Qualified LMM.

each Enhanced Security Greater Than 100						
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Using the same example as above, where the LMM has 30 LMM Securities, 10 of which are Enhanced ETPs, which have 2,550,000 shares of average aggregate daily auction volume in LMM Securities, the issuer would fall into the fifth column. As such, the LMM would receive an additional \$37.50 for each of its first five Enhanced ETPs and an additional \$25 each for Enhanced ETPs 6-10. This would result in an additional daily payment of $(\$37.50*5) + (\$25*5) = \$312.50$ to the LMM.

Proposed Changes

The Exchange proposes to amend the Standard Rates and Enhanced Rates discussed above. First, the Exchange proposes to eliminate the sixth column of both the Standard Rates and Enhanced Rates so that average aggregate daily auction volume of 1,000,001 shares or more is considered the highest average aggregate daily auction volume column.

Second, the Exchange proposes to reduce the Standard Rates payments for average aggregate daily auction volume of 1,000,001 shares or more for each row of Qualified Security ranges. Specifically, the Exchange proposes to reduce the payments in the fifth column as follows: \$100 Daily Incentive for each Qualified Security 1-5, \$70 Daily Incentive for each Qualified Security 6-25, \$50 Daily Incentive for each Qualified Security 26-50, \$25 Daily Incentive for each Qualified Security 51-100, and \$20 Daily Incentive for each Qualified Security greater than 100.

For instance, using the same example as above, where the LMM has 30 LMM Securities, 10 of which each have an average daily auction volume of 5,000 shares, 10 of which each have an average daily auction volume of 50,000 shares, and 10 of which each

have an average daily auction volume of 200,000 shares, then the LMM would fall into the fifth column ($10 \times 5,000 + 10 \times 50,000 + 10 \times 200,000 = 2,550,000$ average aggregate daily auction volume). As such, under the proposed Standard Rates the LMM would receive \$100 each for Qualified ETPs 1-5, \$70 each for Qualified ETPs 6-25, and \$50 each for Qualified ETPs 26-30. This would result in a daily payment of $(\$100 \times 5) + (\$70 \times 20) + (\$50 \times 5) = \$2,150$ to the LMM.

Third, the Exchange proposes to decrease the Enhanced Rates payments for securities with average aggregate daily auction volume over 1,000,000 shares and increase the Enhanced Rates payments for securities with average aggregate daily auction volume of 1,000,000 shares or lower. Specifically, the Exchange proposes the following Enhanced Rates:

	Average Aggregate Daily Auction Volume in LMM Securities				
	0-10,000	10,001-100,000	100,001-500,000	500,001-1,000,000	1,000,001 or greater
Daily Incentive for each Enhanced Security 1-5	\$3	\$7.50	\$12	\$15	\$30
Daily Incentive for each Enhanced Security 6-25	\$3	\$7.50	\$7.50	\$9	\$21
Daily Incentive for each Enhanced Security 26-50	\$3	\$3	\$6	\$7.50	\$15
Daily Incentive for each Enhanced Security 51-100	\$3	\$3	\$4.50	\$6	\$7.50
Daily Incentive for each Enhanced Security Greater Than 100	\$3	\$3	\$4.50	\$4.50	\$6

The proposed changes are designed to encourage LMMs with average aggregate daily auction volume of 1,000,000 shares or less to meet the Standard and Enhanced Minimum Performance Standards. The proposed changes would decrease payments in LMM securities with average aggregate daily auction volume of 1,000,001 shares or greater. Using the same example above, where the LMM has 30 LMM Securities, 10 of which are Enhanced ETPs, which have 2,550,000 shares of average aggregate daily auction volume in LMM Securities, the issuer would fall into the fifth column. As such, the LMM would receive an additional \$30 for each of its first five Enhanced ETPs and an additional \$21 each for Enhanced ETPs 6-10. This would result in an additional daily payment of $(\$30*5) + (\$21*5) = \$255$ to the LMM as opposed to the \$312.50 it would receive under the current Enhanced Rates.

However, the proposed Enhanced Rates are also designed to increase payments in LMM Securities with 1,000,000 or less average aggregate daily auction volume. For example, if an LMM has 30 LMM Securities, each of which is a Qualified ETP, 10 of which each have an average daily auction volume of 500 shares, 10 of which each have an average daily auction volume of 10,000 shares, and 10 of which each have an average daily auction volume of 20,000 shares, then the LMM would fall into the third column ($10*500 + 10*10,000 + 10*20,000 = 305,000$ average aggregate daily auction volume). As such, the LMM would receive \$12 each for Qualified ETPs 1-5, \$7.50 each for Qualified ETPs 6-25, and \$6 each for Qualified ETPs 26-30. This would result in a daily payment of $(\$12*5) + (\$7.50*20) + (\$6*5) = \240 to the LMM. Under the current Enhanced Rates, the LMM would receive a daily payment of $(\$10*5) + (6.25*20) + (5*5) = \200 .

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁶ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁷ 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)⁸ as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange also notes that its listing business operates in a highly-competitive market in which market participants, which includes issuers of securities, LMMs, and other liquidity providers, can readily transfer their listings, opt not to participate, or direct order flow to competing venues if they deem fee levels, liquidity provision incentive programs, or any other factor at a particular venue to be insufficient or excessive. The proposed rule changes reflect a competitive pricing structure designed to incentivize market participants to participate as LMMs in the Exchange's LMM Program, which the Exchange believes will enhance market quality in

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

⁸ Id.

all securities listed on the Exchange and encourage issuers to list new products and transfer existing products to the Exchange.

The Exchange believes that the proposed changes to the Standard Rates and Enhanced Rates of the LMM Liquidity Provision Rates are consistent with the Act and represent a reasonable, equitable, and not unfairly discriminatory means to incentivize liquidity provision in ETPs listed on the Exchange. The marketplace for listings is extremely competitive and there are several other national securities exchanges that offer ETP listings. Transfers between listing venues occur frequently for numerous reasons, including market quality. This proposal is intended to help the Exchange compete as an ETP listing venue. Specifically, the Exchange believes that the proposal is reasonable because it believes that the proposed amendments will encourage LMMs with lower aggregate auction volumes to meet the Enhanced Minimum Performance Standards. The Exchange believes that incentivizing such LMMs to meet the Enhanced Minimum Performance Standards will increase market quality in lower volume BZX-listed ETPs. To the extent that market quality in any BZX-listed ETP is negatively impacted, competitive forces would generally dictate that the primary listing venue enhance their own liquidity provision programs or that the security would transfer to a different primary listing venue.

The Exchange believes that the proposal represents an equitable allocation of payments and is not unfairly discriminatory because, while the proposed payments apply only to LMMs, such LMMs must meet rigorous Minimum Performance Standards in order to receive the payments. Where an LMM does not meet the Minimum Performance Standards for the Standard and Enhanced Rates, they will not receive the applicable

payment. Further, registration as an LMM is available equally to all Members and allocation of listed ETPs between LMMs is governed by Exchange Rule 11.8(e)(2). If an LMM does not meet the Minimum Performance Standards for three out of the past four months, the LMM is subject to forfeiture of LMM status for that LMM Security, at the Exchange's discretion.

Further, the proposed daily payment amounts would continue to be based specifically on the Exchange's revenue model. For ETPs with greater auction volume, the Exchange generally makes more money and, thus, is able to offer LMMs with LMM Securities that have higher average aggregate daily auction volume higher payments. Specifically, the payment per Qualified ETP (and thus the total payment to an LMM) generally goes up as the CADV moves from left to right because as the average aggregate daily auction volume in LMM Securities increases, the Exchange will generate additional revenue and can thus support increased payments to LMMs. Similarly, the payments per Qualified ETP generally go down as the number of Qualified ETPs goes up in order to ensure that the daily incentive payments do not exceed the Exchange's revenue for that LMM's LMM Securities while still providing incentives for LMMs to take on additional ETPs. While the proposed changes would reduce payments to LMMs with higher average aggregate daily auction volume, such payments would still be higher than the proposed increased payments for LMMs with lower average aggregate daily auction volume. As such, the Exchange believes that the proposal is an equitable allocation of payments and is not unfairly discriminatory.

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

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

Act. The Exchange does not believe the proposed change burdens competition, but rather, enhances competition as it is intended to increase the competitiveness of BZX both among Members by incentivizing Members to become LMMs in BZX-listed ETPs and as a listing venue by enhancing market quality in BZX-listed ETPs. The marketplace for listings is extremely competitive and there are several other national securities exchanges that offer ETP listings. Transfers between listing venues occur frequently for numerous reasons, including market quality. This proposal is intended to help the Exchange compete as an ETP listing venue. Accordingly, the Exchange does not believe that the proposed change will impair the ability of issuers, LMMs, or competing ETP listing venues to maintain their competitive standing. The Exchange also notes that the proposed change is intended to enhance market quality in BZX-listed ETPs, to the benefit of all investors in BZX-listed ETPs. The Exchange does not believe the proposed amendment would burden intra-market competition as it would be available to all Members uniformly. Registration as an LMM is available equally to all Members and allocation of listed ETPs between LMMs is governed by Exchange Rule 11.8(e)(2). Further, if an LMM does not meet the Minimum Performance Standards for three out of the past four months, the LMM is subject to forfeiture of LMM status for that LMM Security, at the Exchange's discretion.

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

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

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act⁹ and paragraph (f) of Rule 19b-4¹⁰ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CboeBZX-2021-004 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.

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f).

All submissions should refer to File Number SR-CboeBZX-2021-004. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CboeBZX-2021-004 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.¹¹

Secretary

¹¹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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Cboe BZX U.S. Equities Exchange Fee ScheduleEffective [December 2, 2020]January 4, 2021

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14. Lead Market Maker (“LMM”) Pricing**(A) LMM Liquidity Provision Rates:**

- (i) Standard Rates. LMMs in BZX-listed securities will receive the following rates on a daily basis per security for which the LMM is a Qualified LMM (a “Qualified Security”) based on the average aggregate daily auction volume of the BZX-listed securities for which the Member is the LMM (“LMM Securities”):

	Average Aggregate Daily Auction Volume in LMM Securities					
	0-10,000	10,001-100,000	100,001-500,000	500,001-1,000,000	1,000,001[-3,000,000] <u>or greater</u>	[3,000,001 or greater]
Daily Incentive for each Qualified Security 1-5	\$10	\$25	\$40	\$50	\$1 <u>[5]</u> <u>00</u>	[\$200]
Daily Incentive for each Qualified Security 6-25	\$10	\$25	\$25	\$30	\$[10] <u>70</u>	[\$150]
Daily Incentive for each Qualified Security 26-50	\$10	\$10	\$20	\$25	\$[7] <u>50</u>	[\$100]
Daily Incentive for each Qualified Security 51-100	\$10	\$10	\$15	\$20	\$ <u>25</u> [0]	[\$75]
Daily Incentive for each Qualified Security Greater Than 100	\$10	\$10	\$15	\$15	\$2[<u>5</u>] <u>0</u>	[\$50]

- (ii) Enhanced Rates. LMMs in BZX-listed securities will receive the following rates on a daily basis per Qualified Security for which they also meet certain enhanced market quality standards (an “Enhanced Security”) in addition to the Standard Rates above:

	Average Aggregate Daily Auction Volume in LMM Securities					
	0-10,000	10,001-100,000	100,001-500,000	500,001-1,000,000	1,000,001[-3,000,000] or greater	[3,000,001 or greater]
Daily Incentive for each Enhanced Security 1-5	\$[2.5]3	\$[6.25]7.50	\$[10]12	\$[12.50]15	\$[37.50]30	[\$50]
Daily Incentive for each Enhanced Security 6-25	\$[2.50]3	\$[6.25]7.50	\$[6.25]7.50	\$[7.50]9	\$[25]21	[\$37.50]
Daily Incentive for each Enhanced Security 26-50	\$[2.50]3	\$[2.50]3	\$[5]6	\$[6.25]7.50	\$[8.75]5	[\$25]
Daily Incentive for each Enhanced Security 51-100	\$[2.50]3	\$[2.50]3	\$[3.75]4.50	\$[5]6	\$[12]7.50	[\$18.75]
Daily Incentive for each Enhanced Security Greater Than 100	\$[2.50]3	\$[2.50]3	\$[3.75]4.50	\$[3.75]4.50	\$6[.25]	[\$12.50]
