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Page 1 of * 36

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

File No.* SR - 2021 - * 025
Amendment No. (req. for Amendments *)

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) *
☑	☐	☐	☐	☑	☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

- ☐ 19b-4(f)(1)
- ☑ 19b-4(f)(2)
- ☐ 19b-4(f)(3)
- ☐ 19b-4(f)(4)
- ☐ 19b-4(f)(5)
- ☐ 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐

Section 806(e)(2) * ☐

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

Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

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

The Exchange proposes to amend its Fee 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 * Rebecca
Last Name * Tenuta
Title * Senior Counsel
E-mail * rtenuta@cboe.com
Telephone * (312) 786-7068
Fax

Signature

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

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

Date 04/01/2021

By Laura G. Dickman

(Name *)

(Title *)

VP, Associate General Counsel

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

ldickman@cboe.com

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

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

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 its Fee Schedule. The text of the proposed rule change is attached as 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 March 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.

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 its fee schedule for its equity options platform ("BZX Options") in connection with its Market Maker Penny Add Volume Tiers, effective April 1, 2021.

The Exchange first notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee

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

2 17 CFR 240.19b-4.

levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange is only one of 16 options venues to which market participants may direct their order flow. Based on publicly available information, no single options exchange has more than 15% of the market share and currently the Exchange represents only approximately 8% of the market share.[3] Thus, in such a low-concentrated and highly competitive market, no single options exchange, including the Exchange, possesses significant pricing power in the execution of option order flow. The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow or discontinue to reduce use of certain categories of products, in response to fee changes. Accordingly, competitive forces constrain the Exchange's transaction fees, and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable. The Exchange's fee schedule sets forth standard rebates and rates applied per contract, which varies depending on the Member's Capacity (Customer, Firm, Market Maker, etc.), whether the order adds or removes liquidity, and whether the order is in Penny or Non-Penny Pilot Securities. Additionally, in response to the competitive environment, the Exchange also offers tiered pricing which provides Members opportunities to qualify for higher rebates or reduced fees where certain volume criteria and thresholds are met. Tiered pricing provides an incremental incentive for Members to strive for higher tier levels, which provides increasingly higher benefits or discounts for satisfying increasingly more stringent criteria.

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[3] See Cboe Global Markets U.S. Options Market Month-to-Date Volume Summary (March 25, 2021), available at https://markets.cboe.com/us/options/market_statistics/.

For example, the Exchange currently offers 13 Market Maker Penny Add Volume Tiers under footnote 6 of the Fee Schedule which provide additional rebates between \$0.33 and \$0.46 per contract for qualifying Market Maker orders (i.e., that yield fee code PM or XM)[4] where a Member meets certain liquidity thresholds. For example, current Tier 12 offers an enhanced rebate of \$0.44 per contract for qualifying orders where a Member has a Step-Up ADAV[5] in Market Maker orders from December 2020 greater or equal to 0.05% of OCV[6] and is an LMM in at least 85 LMM Securities on BZX Equities.[7] The Exchange now proposes to amend Market Maker Penny Add Volume Tiers by adding a new Tier 7[8] and by updating the current criteria in Tier 12.

The proposed rule change adopts new Tier 7, which offers an enhanced rebate of \$0.42 per contract for qualifying Market Maker orders (i.e., that yield fee code PM or XM) where a Member has a Step-Up ADAV in Market Maker orders from March 2021

4 Orders yielding fee code PM are Market Maker orders that add liquidity in Penny Program Securities and are offered a rebate of \$0.29, and orders yielding fee code XM are Market Maker orders in XSP options that add liquidity and are offered a rebate of \$0.29.

5 "ADAV" means average daily added volume calculated as the number of contracts added, per day.

6 "OCC Customer Volume" or "OCV" means the total equity and ETF options volume that clears in the Customer range at the Options Clearing Corporation ("OCC") for the month for which the fees apply, excluding volume on any day that the Exchange experiences an Exchange System Disruption and on any day with a scheduled early market close.

7 Pursuant to BZX Equities Rules, the term "LMM" means a Market Maker registered with the Exchange for a particular LMM Security that has committed to maintain Minimum Performance Standards in the LMM Security, and the term "LMM Security" means a Listed Security that has an LMM. See Cboe BZX Exchange, Inc. Rule 11.8(e)(1)(B) and (C).

8 As a result of propose new Tier 7, the proposed rule change also updated the subsequent tier numbering in current Tiers 8 through 13. The proposed rule change does not alter any of the current criteria or rebates in the subsequent tiers.

greater than or equal to 0.15% in average SPY/IWM/QQQ OCV, and is an LMM in at least 85 LMM Securities on BZX Equities.[9]

The proposed rule change amends the criteria in Tier 12 (Tier 13, as proposed) so that a Member must have a Step-Up ADAV in Market Maker orders from March 2021 that is greater than or equal to 0.25% of average SPY, IWM, and QQQ OCV in order to meet the first prong of Tier 12 criteria. The proposed rule change does not alter the second prong of criteria nor the enhanced rebate offered in Tier 12 (new Tier 13). As amended, Tier 12 (new Tier 13) will provide an additional opportunity for a Member to receive the same enhanced rebate of $0.44 per contract for qualifying orders.

The proposed new Tier 7 and the proposed changes to the criteria in Tier 12 (Tier 13, as proposed) are designed to continue to provide an incremental incentive for Members to strive for the highest tier levels, which provide increasingly higher rebates for such transactions. Also, the Exchange notes that the proposed criteria in Tier 7 and Tier 12 (new Tier 13) are similar to many of the existing Market Maker Penny Add Volume Tiers that currently provide criteria in which a Member must "step up" a percentage of ADAV or ADV[10] from a certain point in time over OCV or TCV[11], and criteria which measures a Member's participation on the Exchange's equities platform.

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9 Pursuant to BZX Equities Rules, the term "LMM" means a Market Maker registered with the Exchange for a particular LMM Security that has committed to maintain Minimum Performance Standards in the LMM Security, and the term "LMM Security" means a Listed Security that has an LMM. See Cboe BZX Exchange, Inc. Rule 11.8(e)(1)(C) and (D).

10 "ADV" means average daily volume calculated as the number of contracts added or removed, combined, per day.

11 "TCV" means total consolidated volume calculated as the volume reported by all exchanges to the consolidated transaction reporting plan for the month for which the fees apply, excluding volume on any day that the Exchange experiences an Exchange System Disruption and on any day with a scheduled early market close.

Particularly, the proposed changes are designed to incentivize Market Makers to "step-up" their order flow in SPY, IWM, and QQQ from a recent point in time (March 2021). The Exchange believes that attracting increased Market Maker (including LMMs) order flow to multiply-listed options on the Exchange will facilitate tighter spreads, signaling increased activity from other market participants, and thus ultimately contributing to deeper and more liquid markets and providing greater execution opportunities in these classes on the Exchange to the benefit of all market participants. Additionally, the proposed criteria regarding LMMs on the Exchange's equities platform (the same prong of criteria currently in Tier 12) encourages Members to enroll as LMMs in LMM Securities on the Exchange's equities platform, which enhances market quality in securities listed on the Exchange's equity platform. The Exchange notes that LMMs serve a crucial role in providing quotes and trading opportunities for all market participants, which can lead to increased volume, enhanced price discovery and transparency, and more robust markets overall.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,[12] in general, and furthers the objectives of Section 6(b)(4),[13] in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and issuers and other persons using its facilities. The Exchange also believes that the proposed rule change is consistent

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12 15 U.S.C. 78f.

13 15 U.S.C. 78f(b)(4).

with the objectives of Section 6(b)(5)[14] requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, 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, and, particularly, is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

As described above, the Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. The proposed rule change reflects a competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange, which the Exchange believes would enhance market quality to the benefit of all Members. In particular, the proposed changes to the Market Maker Penny Volume Tiers are intended to attract order flow in multiply-listed options to the Exchange, as well as order flow to its equities platform, by continuing to offer competitive pricing while creating additional incentives for Market Makers to provide increased liquidity in such options and to BZX Equities, which the Exchange believes would enhance market quality across both its options and equities markets to the benefit of all market participants.

In particular, the Exchange believes the proposed tiers are reasonable because they provides an additional opportunity and amends an existing opportunity for Members

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[14] 15 U.S.C. 78f.(b)(5).

to receive an enhanced rebate on qualifying orders in a manner that incentivizes increased Market Maker order flow in certain multiply-listed options on the Exchange and increased LMM participation on the Exchange's equities platform. The Exchange notes that volume-based incentives and discounts have been widely adopted by exchanges,[15] including the Exchange,[16] and are reasonable, equitable and non-discriminatory because they are open to all Members on an equal basis and provide additional benefits or discounts that are reasonably related to (i) the value to an exchange's market quality and (ii) associated higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns.

The Exchange believes the proposed additional Market Maker Penny Add Volume Tier 7 and amendment to criteria in current Tier 12 (new Tier 13) are reasonable means to encourage Market Makers to increase their order flow to specific multiply-listed options on the Exchange, as well as their participation in securities on the Exchange's equities platform. More specifically, the Exchange believes that adopting a new tier and amending an existing tier offers alternative criteria to the existing Market Maker Penny Add Volume Tiers that may encourage those Members who could not previously achieve the criteria under existing Market Maker Volume Tiers 7 and 8 (which offer the same

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15 See e.g., NYSE Arca Options Fee Schedule, Market Maker Penny and SPY Posting Credit Tiers. NYSE Arca also provides various discounts for its LMMs throughout its fee schedule; see also Nasdaq ISE Pricing Schedule, Section 3, Footnote 5, which provides for tiered rebates for market-maker SPY orders that add liquidity between \$0.05-\$0.26 per contract, tiered rebates for market maker IWM and QCC orders that add liquidity between \$0.05 and \$0.26 per contract, and tiered rebates for market maker orders in similar, single-name options (AMZN, FB, and NVDA) between \$0.15 and \$0.22.

16 See e.g., BZX Options Fee Schedule, Footnote 6, Market Maker Penny Add Volume Tiers.

enhanced rebate of $0.42 per contract as proposed Tier 7) or the existing criteria under current Tier 10, 11, or 12 (all of which continue to offer the same enhanced rebate of $0.44 per contract) to increase their order flow to multiply-listed options on the Exchange and to BZX Equities. For example, the proposed criteria in new Tier 7 and Tier 12 (new Tier 13) provide additional rebate opportunities for Market Makers who increase their ADAV in Market Makers orders in certain products (SPY, IWM, and QQQ) over OCV by at least 0.15% or 0.25%, respectively, from March 2021 and participate as an LMM in at least 85 LMM Securities on BZX Equities (as proposed in new Tier 7 and as is currently the case in Tier 12), but do not meet any of the different, yet comparable, prongs of criteria under current Tier 7 or 8, or under current Tier 10, 11, or 12. Overall, the proposed tiers provide alternative opportunities for Members to receive enhanced rebates, as are thereby reasonably designed to incentivize Market Makers to grow their volume in specific multiply-listed options while also increasing their participation on BZX Equities. The Exchange notes that increased Market Maker activity (including LMMs), particularly, facilitates tighter spreads and an increase in overall liquidity provider activity, both of which signal additional corresponding increase in order flow from other market participants, contributing towards a robust, well-balanced market ecosystem, particularly in multiply-listed options on the Exchange and on the Exchange's equities platform. Indeed, increased overall order flow benefits investors across both the Exchange's options and equities platforms by continuing to deepen the Exchange's liquidity pool, potentially providing even greater execution incentives and opportunities, offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, promoting market transparency and improving investor protection.

The Exchange also believes that proposed enhanced rebate offered under new Tier 7 is reasonably based on the difficulty of satisfying the proposed tier's criteria and ensures the proposed rebate and thresholds appropriately reflect the incremental difficulty in achieving the existing Market Maker Penny Add Volume Tiers. The Exchange believes that the proposed enhanced rebate is in line with the enhanced rebates currently offered under the Exchange's existing Market Maker Penny Add Volume Tiers. Indeed, the proposed enhanced rebate amount offered under new Tier 7 ($0.42) is the same amount offered by surrounding Tier 7 (new Tier 8) and Tier 8 (new Tier 9), which offer different criteria that the Exchange believes in comparable in difficulty, and is incrementally higher than Tier 6 ($0.41), which offers slightly less stringent criteria than proposed Tier 7. The Exchange again notes that the proposed changes to Tier 12 (new Tier 13) do not alter the current enhanced rebate amount offered under the tier.

The Exchange also believes it is reasonable, equitable and not unfairly discriminatory to adopt pricing specific to certain orders in SPY, IWM and QQQ as the Exchange already offers product-specific pricing for certain orders in other products, such as RUT and XSP.[17] Additionally, and as noted above, other exchanges similarly provide for product-specific tiered pricing.[18]

The Exchange believes that the proposal represents an equitable allocation of fees and is not unfairly discriminatory because it applies uniformly to all Market Makers, in

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17 See Cboe BZX Options Exchange Fees Schedule, Fee Codes and Associated Fees.

18 See supra note 15.

that all Market Makers have the opportunity to compete for and achieve the proposed tiers. The enhanced rebates (proposed and existing) will apply automatically and uniformly to all Market Makers that achieve the proposed corresponding criteria. While the Exchange has no way of knowing whether this proposed rule change would definitively result in any particular Market Maker qualifying for the proposed tiers, the Exchange believes that at least two Market Makers will reasonably be able to compete for and achieve the proposed criteria in each of proposed Tier 7 and Tier 12. The Exchange notes, however, that the proposed tiers are open to any Market-Maker that satisfies the tiers' criteria. As stated, proposed Tier 7 and amended Tier 12 are designed to provide an incentive for Members to submit additional liquidity on both BZX Options and Equities to qualify for the corresponding additional enhanced rebate. To the extent a Member participates on the Exchange but not on BZX Equities, the Exchange believes that the proposal is still reasonable, equitably allocated and non-discriminatory with respect to such Member based on the overall benefit to the Exchange resulting from the success of BZX Equities. Particularly, the Exchange believes such success allows the Exchange to continue to provide and potentially expand its existing incentive programs to the benefit of all participants on the Exchange, whether they participate on BZX Equities or not. The proposed pricing program is also fair and equitable in that membership in BZX Equities and enrollment as an LMM is available to all market participants, which would provide them with access to the benefits on BZX Equities provided by the proposed change, even where a member of BZX Equities is not necessarily eligible for the proposed enhanced rebates on the Exchange.

The Exchange lastly notes that it does not believe the proposed tiers will adversely impact any Member's pricing or ability to qualify for other tiers. Rather, should a Member not meet the proposed criteria, the Member will merely not receive the enhanced rebate corresponding to Tier 7 or Tier 12 (new Tier 13), as applicable. A Member has 12 alternative choices to aim to achieve under the Market Maker Penny Add Volume Tiers.

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 intramarket or intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. Rather, as discussed above, the Exchange believes that the proposed change would encourage the submission of additional liquidity to a public exchange, thereby promoting market depth, price discovery and transparency and enhancing order execution opportunities for all Members. As a result, the Exchange believes that the proposed change furthers the Commission's goal in adopting Regulation NMS of fostering competition among orders, which promotes "more efficient pricing of individual stocks for all types of orders, large and small."[19]

The Exchange believes the proposed rule change does not impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. Particularly, the proposed change applies uniformly to all Market Makers (including LMMs on BZX Equities). As described above, the Exchange believes that Market Makers (including LMMs) provide key liquidity to certain multiply-listed

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19 Securities Exchange Act Release No. 51808, 70 FR 37495, 37498-99 (June 29, 2005) (S7-10-04) (Final Rule).

options on the Exchange and to the Exchange's equities platforms, facilitating tighter spreads, signaling additional corresponding increase in order flow from other market participants, and ultimately contributing towards a robust, well-balanced market ecosystem across the Exchange's options and equities platforms. To the extent a Member participates on the Exchange but not on BZX Equities, the Exchange notes that the proposed change can provide an overall benefit to the Exchange resulting from the success of BZX Equities. Such success enables the Exchange to continue to provide and potentially expand its existing incentive programs to the benefit of all participants on the Exchange, whether they participate on BZX Equities or not. The proposed pricing program is also fair and equitable in that membership in BZX Equities is available to all market participants and registration as an LMM is available equally to all BZX Equities members.

Next, the Exchange believes the proposed rule change does not impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. As previously discussed, the Exchange operates in a highly competitive market. Members have numerous alternative venues that they may participate on and director their order flow, including 15 other options exchanges and off-exchange venues. Additionally, the Exchange represents a small percentage of the overall market. Based on publicly available information, no single options exchange has more than 15% of the market share.[20] Therefore, no exchange possesses significant pricing power in the execution of option order flow. Indeed, participants can readily choose to send their orders to other exchange and off-exchange venues if they deem fee levels at

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20 See supra note 3.

those other venues to be more favorable. Moreover, the Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."[21] The fact that this market is competitive has also long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated as follows: "[n]o one disputes that competition for order flow is 'fierce.' … As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'….".[22] Accordingly, the Exchange does not believe its proposed fee change imposes any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

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

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

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

Item 6. <u>Extension of Time Period for Commission Action</u>

Not applicable.

Item 7. <u>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)</u>

(a) The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act[23] and Rule 19b-4(f)(2)[24] 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.

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23 15 U.S.C. 78s(b)(3)(A).

24 17 CFR 240.19b-4(f)(2).

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

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

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

Not applicable.

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

Not applicable.

Item 11. **Exhibits**

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

Exhibit 5. Proposed rule text.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-CboeBZX-2021-025]

[Insert date]

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

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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 its fee schedule for its equity options platform ("BZX Options") in connection with its Market Maker Penny Add Volume Tiers, effective April 1, 2021.

The Exchange first notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange is only one of 16 options venues to which market participants may direct their order flow. Based on publicly available information, no single options exchange has more than 15% of the market share and currently the Exchange represents only approximately 8% of the market share.[3] Thus, in such a low-concentrated and highly competitive market, no single options exchange, including the Exchange, possesses significant pricing power in the execution of option order flow. The Exchange believes

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3 See Cboe Global Markets U.S. Options Market Month-to-Date Volume Summary (March 25, 2021), available at https://markets.cboe.com/us/options/market_statistics/.

that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow or discontinue to reduce use of certain categories of products, in response to fee changes. Accordingly, competitive forces constrain the Exchange's transaction fees, and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable. The Exchange's fee schedule sets forth standard rebates and rates applied per contract, which varies depending on the Member's Capacity (Customer, Firm, Market Maker, etc.), whether the order adds or removes liquidity, and whether the order is in Penny or Non-Penny Pilot Securities. Additionally, in response to the competitive environment, the Exchange also offers tiered pricing which provides Members opportunities to qualify for higher rebates or reduced fees where certain volume criteria and thresholds are met. Tiered pricing provides an incremental incentive for Members to strive for higher tier levels, which provides increasingly higher benefits or discounts for satisfying increasingly more stringent criteria.

For example, the Exchange currently offers 13 Market Maker Penny Add Volume Tiers under footnote 6 of the Fee Schedule which provide additional rebates between \$0.33 and \$0.46 per contract for qualifying Market Maker orders (i.e., that yield fee code PM or XM)[4] where a Member meets certain liquidity thresholds. For example, current Tier 12 offers an enhanced rebate of \$0.44 per contract for qualifying orders where a Member has a Step-Up ADAV[5] in Market Maker orders from December 2020 greater or

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4 Orders yielding fee code PM are Market Maker orders that add liquidity in Penny Program Securities and are offered a rebate of \$0.29, and orders yielding fee code XM are Market Maker orders in XSP options that add liquidity and are offered a rebate of \$0.29.

5 "ADAV" means average daily added volume calculated as the number of

equal to 0.05% of OCV[6] and is an LMM in at least 85 LMM Securities on BZX Equities.[7] The Exchange now proposes to amend Market Maker Penny Add Volume Tiers by adding a new Tier 7[8] and by updating the current criteria in Tier 12.

The proposed rule change adopts new Tier 7, which offers an enhanced rebate of $0.42 per contract for qualifying Market Maker orders (i.e., that yield fee code PM or XM) where a Member has a Step-Up ADAV in Market Maker orders from March 2021 greater than or equal to 0.15% in average SPY/IWM/QQQ OCV, and is an LMM in at least 85 LMM Securities on BZX Equities.[9]

The proposed rule change amends the criteria in Tier 12 (Tier 13, as proposed) so that a Member must have a Step-Up ADAV in Market Maker orders from March 2021 that is greater than or equal to 0.25% of average SPY, IWM, and QQQ OCV in order to meet the first prong of Tier 12 criteria. The proposed rule change does not alter the

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contracts added, per day.

6 "OCC Customer Volume" or "OCV" means the total equity and ETF options volume that clears in the Customer range at the Options Clearing Corporation ("OCC") for the month for which the fees apply, excluding volume on any day that the Exchange experiences an Exchange System Disruption and on any day with a scheduled early market close.

7 Pursuant to BZX Equities Rules, the term "LMM" means a Market Maker registered with the Exchange for a particular LMM Security that has committed to maintain Minimum Performance Standards in the LMM Security, and the term "LMM Security" means a Listed Security that has an LMM. See Cboe BZX Exchange, Inc. Rule 11.8(e)(1)(B) and (C).

8 As a result of propose new Tier 7, the proposed rule change also updated the subsequent tier numbering in current Tiers 8 through 13. The proposed rule change does not alter any of the current criteria or rebates in the subsequent tiers.

9 Pursuant to BZX Equities Rules, the term "LMM" means a Market Maker registered with the Exchange for a particular LMM Security that has committed to maintain Minimum Performance Standards in the LMM Security, and the term "LMM Security" means a Listed Security that has an LMM. See Cboe BZX Exchange, Inc. Rule 11.8(e)(1)(C) and (D).

second prong of criteria nor the enhanced rebate offered in Tier 12 (new Tier 13). As amended, Tier 12 (new Tier 13) will provide an additional opportunity for a Member to receive the same enhanced rebate of $0.44 per contract for qualifying orders.

The proposed new Tier 7 and the proposed changes to the criteria in Tier 12 (Tier 13, as proposed) are designed to continue to provide an incremental incentive for Members to strive for the highest tier levels, which provide increasingly higher rebates for such transactions. Also, the Exchange notes that the proposed criteria in Tier 7 and Tier 12 (new Tier 13) are similar to many of the existing Market Maker Penny Add Volume Tiers that currently provide criteria in which a Member must "step up" a percentage of ADAV or ADV[10] from a certain point in time over OCV or TCV[11], and criteria which measures a Member's participation on the Exchange's equities platform. Particularly, the proposed changes are designed to incentivize Market Makers to "step-up" their order flow in SPY, IWM, and QQQ from a recent point in time (March 2021). The Exchange believes that attracting increased Market Maker (including LMMs) order flow to multiply-listed options on the Exchange will facilitate tighter spreads, signaling increased activity from other market participants, and thus ultimately contributing to deeper and more liquid markets and providing greater execution opportunities in these classes on the Exchange to the benefit of all market participants. Additionally, the proposed criteria regarding LMMs on the Exchange's equities platform (the same prong of criteria currently in Tier 12) encourages Members to enroll as LMMs in LMM

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10 "ADV" means average daily volume calculated as the number of contracts added or removed, combined, per day.

11 "TCV" means total consolidated volume calculated as the volume reported by all exchanges to the consolidated transaction reporting plan for the month for which the fees apply, excluding volume on any day that the Exchange experiences an Exchange System Disruption and on any day with a scheduled early market close.

Securities on the Exchange's equities platform, which enhances market quality in securities listed on the Exchange's equity platform. The Exchange notes that LMMs serve a crucial role in providing quotes and trading opportunities for all market participants, which can lead to increased volume, enhanced price discovery and transparency, and more robust markets overall.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,[12] in general, and furthers the objectives of Section 6(b)(4),[13] in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and issuers and other persons using its facilities. The Exchange also believes that the proposed rule change is consistent with the objectives of Section 6(b)(5)[14] requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, 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, and, particularly, is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

As described above, the Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem

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[12] 15 U.S.C. 78f.

[13] 15 U.S.C. 78f(b)(4).

[14] 15 U.S.C. 78f.(b)(5).

fee levels at a particular venue to be excessive or incentives to be insufficient. The proposed rule change reflects a competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange, which the Exchange believes would enhance market quality to the benefit of all Members. In particular, the proposed changes to the Market Maker Penny Volume Tiers are intended to attract order flow in multiply-listed options to the Exchange, as well as order flow to its equities platform, by continuing to offer competitive pricing while creating additional incentives for Market Makers to provide increased liquidity in such options and to BZX Equities, which the Exchange believes would enhance market quality across both its options and equities markets to the benefit of all market participants.

In particular, the Exchange believes the proposed tiers are reasonable because they provides an additional opportunity and amends an existing opportunity for Members to receive an enhanced rebate on qualifying orders in a manner that incentivizes increased Market Maker order flow in certain multiply-listed options on the Exchange and increased LMM participation on the Exchange's equities platform. The Exchange notes that volume-based incentives and discounts have been widely adopted by exchanges,[15] including the Exchange,[16] and are reasonable, equitable and non-discriminatory because they are open to all Members on an equal basis and provide additional benefits or

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15 See e.g., NYSE Arca Options Fee Schedule, Market Maker Penny and SPY Posting Credit Tiers. NYSE Arca also provides various discounts for its LMMs throughout its fee schedule; see also Nasdaq ISE Pricing Schedule, Section 3, Footnote 5, which provides for tiered rebates for market-maker SPY orders that add liquidity between $0.05-$0.26 per contract, tiered rebates for market maker IWM and QCC orders that add liquidity between $0.05 and $0.26 per contract, and tiered rebates for market maker orders in similar, single-name options (AMZN, FB, and NVDA) between $0.15 and $0.22.

16 See e.g., BZX Options Fee Schedule, Footnote 6, Market Maker Penny Add Volume Tiers.

discounts that are reasonably related to (i) the value to an exchange's market quality and (ii) associated higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns.

The Exchange believes the proposed additional Market Maker Penny Add Volume Tier 7 and amendment to criteria in current Tier 12 (new Tier 13) are reasonable means to encourage Market Makers to increase their order flow to specific multiply-listed options on the Exchange, as well as their participation in securities on the Exchange's equities platform. More specifically, the Exchange believes that adopting a new tier and amending an existing tier offers alternative criteria to the existing Market Maker Penny Add Volume Tiers that may encourage those Members who could not previously achieve the criteria under existing Market Maker Volume Tiers 7 and 8 (which offer the same enhanced rebate of $0.42 per contract as proposed Tier 7) or the existing criteria under current Tier 10, 11, or 12 (all of which continue to offer the same enhanced rebate of $0.44 per contract) to increase their order flow to multiply-listed options on the Exchange and to BZX Equities. For example, the proposed criteria in new Tier 7 and Tier 12 (new Tier 13) provide additional rebate opportunities for Market Makers who increase their ADAV in Market Makers orders in certain products (SPY, IWM, and QQQ) over OCV by at least 0.15% or 0.25%, respectively, from March 2021 and participate as an LMM in at least 85 LMM Securities on BZX Equities (as proposed in new Tier 7 and as is currently the case in Tier 12), but do not meet any of the different, yet comparable, prongs of criteria under current Tier 7 or 8, or under current Tier 10, 11, or 12. Overall, the proposed tiers provide alternative opportunities for Members to receive enhanced rebates, as are thereby reasonably designed to incentivize Market Makers to grow their volume in specific multiply-listed options while also increasing their participation on BZX Equities. The Exchange notes that increased Market Maker activity (including LMMs), particularly, facilitates tighter spreads and an increase in overall liquidity provider activity, both of which signal additional corresponding increase in order flow from other market participants, contributing towards a robust, well-balanced market ecosystem, particularly in multiply-listed options on the Exchange and on the Exchange's equities platform. Indeed, increased overall order flow benefits investors across both the Exchange's options and equities platforms by continuing to deepen the Exchange's liquidity pool, potentially providing even greater execution incentives and opportunities, offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, promoting market transparency and improving investor protection.

The Exchange also believes that proposed enhanced rebate offered under new Tier 7 is reasonably based on the difficulty of satisfying the proposed tier's criteria and ensures the proposed rebate and thresholds appropriately reflect the incremental difficulty in achieving the existing Market Maker Penny Add Volume Tiers. The Exchange believes that the proposed enhanced rebate is in line with the enhanced rebates currently offered under the Exchange's existing Market Maker Penny Add Volume Tiers. Indeed, the proposed enhanced rebate amount offered under new Tier 7 ($0.42) is the same amount offered by surrounding Tier 7 (new Tier 8) and Tier 8 (new Tier 9), which offer different criteria that the Exchange believes in comparable in difficulty, and is incrementally higher than Tier 6 ($0.41), which offers slightly less stringent criteria than proposed Tier 7. The Exchange again notes that the proposed changes to Tier 12 (new Tier 13) do not alter the current enhanced rebate amount offered under the tier.

The Exchange also believes it is reasonable, equitable and not unfairly discriminatory to adopt pricing specific to certain orders in SPY, IWM and QQQ as the Exchange already offers product-specific pricing for certain orders in other products, such as RUT and XSP.[17] Additionally, and as noted above, other exchanges similarly provide for product-specific tiered pricing.[18]

The Exchange believes that the proposal represents an equitable allocation of fees and is not unfairly discriminatory because it applies uniformly to all Market Makers, in that all Market Makers have the opportunity to compete for and achieve the proposed tiers. The enhanced rebates (proposed and existing) will apply automatically and uniformly to all Market Makers that achieve the proposed corresponding criteria. While the Exchange has no way of knowing whether this proposed rule change would definitively result in any particular Market Maker qualifying for the proposed tiers, the Exchange believes that at least two Market Makers will reasonably be able to compete for and achieve the proposed criteria in each of proposed Tier 7 and Tier 12. The Exchange notes, however, that the proposed tiers are open to any Market-Maker that satisfies the tiers' criteria. As stated, proposed Tier 7 and amended Tier 12 are designed to provide an incentive for Members to submit additional liquidity on both BZX Options and Equities to qualify for the corresponding additional enhanced rebate. To the extent a Member participates on the Exchange but not on BZX Equities, the Exchange believes that the

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17 See Cboe BZX Options Exchange Fees Schedule, Fee Codes and Associated Fees.

18 See supra note 15.

proposal is still reasonable, equitably allocated and non-discriminatory with respect to such Member based on the overall benefit to the Exchange resulting from the success of BZX Equities. Particularly, the Exchange believes such success allows the Exchange to continue to provide and potentially expand its existing incentive programs to the benefit of all participants on the Exchange, whether they participate on BZX Equities or not. The proposed pricing program is also fair and equitable in that membership in BZX Equities and enrollment as an LMM is available to all market participants, which would provide them with access to the benefits on BZX Equities provided by the proposed change, even where a member of BZX Equities is not necessarily eligible for the proposed enhanced rebates on the Exchange.

The Exchange lastly notes that it does not believe the proposed tiers will adversely impact any Member's pricing or ability to qualify for other tiers. Rather, should a Member not meet the proposed criteria, the Member will merely not receive the enhanced rebate corresponding to Tier 7 or Tier 12 (new Tier 13), as applicable. A Member has 12 alternative choices to aim to achieve under the Market Maker Penny Add Volume Tiers.

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 intramarket or intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. Rather, as discussed above, the Exchange believes that the proposed change would encourage the submission of additional liquidity to a public exchange, thereby promoting market depth, price discovery and transparency and enhancing order execution opportunities for all Members. As a result, the Exchange believes that the proposed change furthers the Commission's goal in adopting Regulation

NMS of fostering competition among orders, which promotes "more efficient pricing of individual stocks for all types of orders, large and small."[19]

The Exchange believes the proposed rule change does not impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. Particularly, the proposed change applies uniformly to all Market Makers (including LMMs on BZX Equities). As described above, the Exchange believes that Market Makers (including LMMs) provide key liquidity to certain multiply-listed options on the Exchange and to the Exchange's equities platforms, facilitating tighter spreads, signaling additional corresponding increase in order flow from other market participants, and ultimately contributing towards a robust, well-balanced market ecosystem across the Exchange's options and equities platforms. To the extent a Member participates on the Exchange but not on BZX Equities, the Exchange notes that the proposed change can provide an overall benefit to the Exchange resulting from the success of BZX Equities. Such success enables the Exchange to continue to provide and potentially expand its existing incentive programs to the benefit of all participants on the Exchange, whether they participate on BZX Equities or not. The proposed pricing program is also fair and equitable in that membership in BZX Equities is available to all market participants and registration as an LMM is available equally to all BZX Equities members.

Next, the Exchange believes the proposed rule change does not impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. As previously discussed, the Exchange operates in a highly

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19 Securities Exchange Act Release No. 51808, 70 FR 37495, 37498-99 (June 29, 2005) (S7-10-04) (Final Rule).

competitive market. Members have numerous alternative venues that they may participate on and director their order flow, including 15 other options exchanges and off-exchange venues. Additionally, the Exchange represents a small percentage of the overall market. Based on publicly available information, no single options exchange has more than 15% of the market share.[20] Therefore, no exchange possesses significant pricing power in the execution of option order flow. Indeed, participants can readily choose to send their orders to other exchange and off-exchange venues if they deem fee levels at those other venues to be more favorable. Moreover, the Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."[21] The fact that this market is competitive has also long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated as follows: "[n]o one disputes that competition for order flow is 'fierce.' … As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the

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[20] See supra note 3.

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

execution of order flow from broker dealers'….".[22] Accordingly, the Exchange does not believe its proposed fee change imposes any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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 Act[23] and paragraph (f) of Rule 19b-4[24] 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:

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

23 15 U.S.C. 78s(b)(3)(A).

24 17 CFR 240.19b-4(f).

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-2021-025 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-CboeBZX-2021-025. 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-2021-025 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.[25]

Secretary

[25] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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Cboe U.S. Options Fees Schedules

BZX Options

Effective [January 4]April 1, 2021

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Footnotes:

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[6] **Market Maker Penny Add Volume Tiers**

Applicable to the following fee codes: PM and XM.

Tier	Rebate Per Contract to Add	Required Criteria
* * * * *		
Tier 7	($0.42)	(1) Member has a Step-Up ADAV in Market Maker orders from March 2021 ≥ 0.15% of average SPY/IWM/QQQ OCV; and (2) Member is an LMM in at least 85 LMM Securities on BZX Equities
Tier [7]8	($0.42)	Member has an ADAV in Market Maker orders ≥ 0.50% of average OCV
Tier [8]9	($0.42)	(1) Member has an ADAV in Market Maker orders ≥ 0.35% of average OCV; and (2) Member has an ADRV in Market Maker orders ≥ 0.35% of average OCV

Tier [9]10	($0.43)	(1) Member has an ADAV in Market Maker orders ≥ 0.15% of average OCV; (2) Member has a Step-Up ADAV in Market-Maker orders from September 2020 ≥ 0.10% of average OCV; (3) Member has on BZX Equities an ADV ≥ 0.60% of average TCV; and (4) Member has on BZX Equities a Step-Up ADV from September 2020 ≥ 0.05% of average TCV
Tier [10]11	($0.44)	(1) Member has an ADAV in Market Maker orders ≥ 0.20% of average OCV; (2) Member has a Step-Up ADAV in Market Maker orders from September 2020 ≥ 0.15% of average OCV; (3) Member has on BZX Equities an ADV ≥ 0.60% of average TCV; and (4) Member has on BZX Equities a Step-Up ADV from September 2020 ≥ 0.10% of average TCV
Tier [11]12	($0.44)	(1) Member has an ADAV in Market Maker orders ≥ 0.50% of average OCV; (2) Member has an ADAV in Market Maker Non-Penny orders ≥ 0.15% of average OCV; and (3) Member has on BZX Equities an ADV ≥ 1.00% of average TCV
Tier [12]13	($0.44)	(1) Member has a Step-Up ADAV in Market Maker orders from [December

		2020]March 2021 ≥ 0.[0]25% of average SPY/IWM/QQQ OCV; and (2) Member is an LMM in at least 85 LMM Securities on BZX Equities
Tier [13]14	($0.46)	Member has an ADAV in Market Maker orders ≥ 0.75% of average OCV

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