

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 25

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

File No. * SR 2022 - * 035

Amendment No. (req. for Amendments *)

Filing by Cboe Exchange, Inc.

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

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input checked="" type="checkbox"/> 19b-4(f)(6)		
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Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010
Section 806(e)(1) *

Section 806(e)(2) *

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) *

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

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

The Exchange proposes to amend Rule 5.22 to remove certain references to the Market-Wide Circuit Breaker program.

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 * Courtney Last Name * Smith

Title * Counsel

E-mail * csmith@cboe.com

Telephone * (913) 815-7046 Fax

Signature

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

Date 06/30/2022

(Title *)

By Laura G. Dickman

VP, Associate General Counsel

(Name *)

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

Laura Dickman Date: 2022.06.30 09:21:05 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

Add Remove View

CBOE 22-035 19b-4 (MWCB Clean-U

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

CBOE-22-035 Exhibit 1 (MWCB Clear

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

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

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 2- Notices, Written Comments, Transcripts, Other Communications

Add Remove View

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

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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

Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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

CBOE-22-035 Exhibit 5 (MWCB Clear

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 the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) is filing with the Securities and Exchange Commission (the “Commission”) a proposal to amend Rule 5.22 to remove certain references to the Market-Wide Circuit Breaker program. The Exchange has designated this proposal as non-controversial pursuant to Rule 19b-4(f)(6)(iii) under the Act.³

The text of the proposed rule change is provided in Exhibit 5. The text of the proposed rule change is available on the Exchange’s website at <http://markets.cboe.com/>, at the Exchange’s principal office and at the Public Reference Room of the Commission.

(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 June 17, 2022.

(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 Courtney Smith, (913) 815-7046, Cboe Exchange, Inc., 433 West Van Buren Street, Chicago, Illinois 60607.

¹ 15 U.S.C. 78x(b)(1).

² 17 CFR 240.19b-4

³ 17 CFR 240.19b-4(f)(6)(iii).

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 Exchange Rule 5.22 to remove certain rule text that references the Market-Wide Circuit Breaker (“MWCB”) program for equity securities. The proposed changes are intended to clarify the Exchange’s rules regarding trading halts in options due to a MWCB. In addition, the Exchange proposes to make certain non-substantive changes to Rule 5.22 to delete references to individual stocks, which no longer trade on the Exchange.

MWCB Program

On March 16, 2022, the Commission approved a proposal by the New York Stock Exchange LLC (“NYSE”) to make permanent the MWCB program.⁴ The Commission approved a proposal filed by the Exchange on April 12, 2022, to adopt on a permanent basis the MWCB pilot program.⁵ The Exchange’s affiliated equities exchanges similarly received approval to make permanent the MWCB pilot program on April 12, 2022.⁶

⁴ See Securities Exchange Act Release No. 94441 (March 16, 2022), 87 FR 16286 (March 22, 2022) (SR-NYSE-2021-40) (Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1 To Adopt on a Permanent Basis the Pilot Program for Market-Wide Circuit Breakers in Rule 7.12).

⁵ See Securities Exchange Act Release No. 94706 (April 12, 2022), 87 FR 22954 (April 18, 2022) (SR-CBOE-2022-018) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Adopt on a Permanent Basis the Pilot Program for Market-Wide Circuit Breakers, Currently Codified in Rule 5.22).

⁶ See Securities Exchange Act Release No. 94705 (April 12, 2022), 87 FR 22977 (April 18, 2022) (SR-CboeBYX-2022-011) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt on a Permanent Basis the Pilot Program for Market-Wide Circuit Breakers, Currently Codified in Rule 11.18); Securities Exchange Act Release No. 94702 (April 12, 2022), 87 FR 23003 (April 18, 2022) (SR-CboeBZX-2022-027) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt on a Permanent Basis the Pilot Program for

The Exchange's current rule regarding MWCB halts can be found in Rule 5.22,⁷ which states, "[t]he Exchange shall halt trading in all stocks and stock options whenever a market-wide trading halt known as a circuit breaker is initiated in response to extraordinary market conditions." Rules 5.22(a)⁸ and 5.22(b)⁹ describe the applicable Market Declines and associated trading halts applicable to MWCB. The Exchange notes that the text in Rules 5.22(a) and 5.22(b) is identical to the MWCB language found in the Exchange's affiliated equity exchanges' rules.¹⁰ Those rules are implemented exclusively by equities exchanges. While the Exchange previously operated a stock trading facility, this functionality is no longer

Market-Wide Circuit Breakers, Currently Codified in Rule 11.18); Securities Exchange Act Release No. 94701 (April 12, 2022), 87 FR 22963 (April 18, 2022) (SR-CboeEDGA-2022-008) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt on a Permanent Basis the Pilot Program for Market-Wide Circuit Breakers, Currently Codified in Rule 11.16); Securities Exchange Act Release No. 94699 (April 12, 2022), 87 FR 22967 (April 18, 2022) (SR-CboeEDGX-2022-023) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt on a Permanent Basis the Pilot Program for Market-Wide Circuit Breakers, Currently Codified in Rule 11.16).

⁷ See Exchange Rule 5.22 ("Market-wide Trading Halts due to Extraordinary Market Volatility").

⁸ See Exchange Rule 5.22(a) ("Definitions"). A Market Decline means a decline in price of the S&P 500 Index between 9:30 a.m. and 4:00 p.m. on a trading day as compared to the closing price of the S&P 500 Index for the immediately preceding trading day. A Level 1 Market Decline means a Market Decline of 7%, a Level 2 Market Decline means a Market Decline of 13%, and a Level 3 Market Decline means a Market Decline of 20%.

⁹ See Exchange Rule 5.22(b) ("Halts in Trading"). The Exchange shall halt trading in all stock or stock options for 15 minutes if a Level 1 or Level 2 Market Decline occurs after 9:30 a.m. and before 3:26 p.m. (or 12:26 p.m. in the case of an early scheduled close). The Exchange will not halt trading if a Level 1 or Level 2 Market Decline occurs at 3:26 p.m. (12:26 p.m. on days with an early scheduled close) or later. The Exchange shall halt trading in all stocks and stock options until the next trading day if a Level 3 Market Decline occurs at any time during the trading day.

¹⁰ See Cboe BYX Exchange Rules 11.18(a)(1)-(4) and 11.18(b); Cboe BZX Exchange Rules 11.18(a)(1)-(4) and 11.18(b); Cboe EDGA Exchange Rules 11.16(a)(1)-(4) and 11.16(b); Cboe EDGX Exchange Rules 11.16(a)(1)-(4) and 11.16(b).

supported by the Exchange and as such, the Exchange is proposing to remove the MWCB rules associated with equity securities. Rules 5.22(f) – (h) detail the MWCB testing requirements that were implemented as part of the adoption of the MWCB program on a permanent basis.¹¹ The Exchange is now proposing to remove the language in current Rules 5.22(a), 5.22(b), 5.22(d), 5.22(e), 5.22(f), 5.22(g), and 5.22(h), as this language applies specifically to equity securities, which do not trade on the Exchange. Given that the introductory language in Rule 5.22 specifically states that stock options will be halted in the event of a market-wide circuit breaker,¹² the MWCB rules applicable to equity securities (currently housed in Rules 5.22(a) – (b), (d) – (h)) are not necessary. The Exchange believes that by removing this language its rules regarding stock option halts due to market-wide circuit breakers will provide clarity for Trading Permit Holders¹³ and others who may rely on the rule.

As a result of the proposed changes described above, the remaining provisions of Rule 5.22 have been renumbered. In addition, the Exchange has proposed a non-substantive change

¹¹ See Exchange Rule 5.22(f) (“Market-Wide Circuit Breaker Testing”).

¹² Supra note 7.

¹³ A Trading Permit Holder means “any individual, corporation, partnership, limited liability company or other entity authorized by the Rules that holds a Trading Permit.” See Eleventh Amended and Restated Bylaws of Cboe Exchange, Inc. Section 1.1 (“Definitions”). A Trading Permit “means a license issued by the Exchange that grants the holder or the holder’s nominee the right to access one or more facilities of the Exchange for the purpose of effecting transactions in securities traded on the Exchange without the services of another person acting as broker, and otherwise to access the facilities of the Exchange for purposes of trading or reporting transactions or transmitting orders or quotations in securities traded on the Exchange, or to engage in other activities that, under the Rules, may only be engaged in by Trading Permit Holders, provided that the holder or the holder’s nominee, as applicable, satisfies any applicable qualification requirements to exercise those rights.” See Exchange Rule 1.1 (“Definitions”).

to current Rule 5.22(c) in order to remove outdated reopening procedures and reference current Rule 5.31, which describes the reopening process for all halts.¹⁴ The Exchange notes that these changes are non-substantive and are being proposed to better organize the Exchange's rules regarding halts due to MWCB and provide a more accurate description of the Exchange's reopening process following a MWCB halt.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.¹⁵ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁶ 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)¹⁷ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

¹⁴ See Rule 5.31(g) ("Opening Auction Process Following Trading Halts").

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(5).

¹⁷ Id.

In particular, the Exchange believes that removing the text in current Rules 5.22(a) – (b), (d) – (h) will promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and protect investors and the public interest because the text being removed applies to equity securities, which do not currently trade on the Exchange. The language in Rules 5.22(a) – (b), (d) – (h) describes the applicable Market Declines, trading halts, reopening processes, and MWCB testing requirements that are identical to the corresponding MWCB rules in the Exchange’s affiliated equities exchanges. Those rules are implemented exclusively by equities exchanges. As the Exchange does not trade equity securities, the Exchange believes it is confusing to have rule text that describes the MWCB program within its rules and believes that limiting the text in Rule 5.22 to describe that stock options will be halted in the event of a MWCB will eliminate potential confusion amongst Trading Permit Holders. The Exchange notes that competing exchanges have similar rule text regarding trading halts in options when a MWCB commences in equity securities.¹⁸ In addition, the Exchange believes that the proposed non-substantive change to remove the current, outdated rule text in Rule 5.22 regarding the reopening procedures for halts due to a MWCB promotes just and equitable principles of trade, removes impediments to and perfects the mechanism of a free and open market and a national market system, and protects investors and the public interest because it seeks to clarify that any reopening due

¹⁸ See NYSE Arca Options Rule 6.65-O(e), which states “[t]he Exchange shall halt trading in all options whenever the equities markets initiate a market-wide trading halt commonly known as a circuit breaker in response to extraordinary market conditions.” See also MIAX Options Exchange Rule 504.03, which states “[t]he Exchange shall halt trading in all securities whenever a market-wide trading halt commonly known as a circuit breaker is initiated on the New York Stock Exchange in response to extraordinary market conditions.”

to a MWCB halt will be conducted under the provisions of Rule 5.31. By providing a reference to Rule 5.31, the Exchange believes Trading Permit Holders will be directed to the most relevant reopening procedures and any potential confusion regarding the reopening process for halts due to MWCBs will be eliminated.

Similarly, the Exchange believes that removing language that references the trading of stocks on the Exchange will promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and protect investors and the public interest as it is inapplicable to the Exchange. Equity securities are not eligible for trading on the Exchange and the rules are applicable only to the securities which currently trade on the Exchange. Therefore, deletion of this language will eliminate any potential confusion from the Rules.

For the foregoing reasons, the Exchange believes that the proposed change is consistent with the Act.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed change is not intended to address competition, but rather, makes clarifying changes to Rule 5.22 in order to benefit all Trading Permit Holders equally. The Exchange does not believe that removing the MWCB rule text that is applicable to equity securities would have any impact on competition as the revised rule text will look substantively similar to the rules of other competing options exchanges. The Exchange seeks to ensure consistency amongst exchanges with respect to this industry-wide program without implicating any competitive issues.

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 Act¹⁹ and Rule 19b-4(f)(6)²⁰ thereunder.

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

The Exchange notes that the MWCB rules are currently codified within the Exchange’s affiliated equities exchange rulebooks. As the Exchange is required to halt trading in the equity options contracts when a MWCB is initiated, maintaining the MWCB rules within the Exchange rulebook is duplicative and may cause confusion to Trading

¹⁹ 15 U.S.C. 78s(b)(3)(A).

²⁰ 17 CFR 240.19b-4(f)(6).

Permit Holders. By submitting this proposal, the Exchange is attempting to align its rule text with that of other options exchanges, who do not include the MWCB program within their rule text and state that equity options will be halted when a MWCB is initiated. The Exchange is also proposing non-substantive changes to renumber the remaining provisions of Rule 5.22 and remove the outdated reopening procedures found in Rule 5.22.

For the foregoing reasons, this rule filing qualifies as a “non-controversial” rule change under Rule 19b-4(f)(6), which renders the proposed rule change effective upon filing with the Commission. At any time within 60 days of the filing of this proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved. The Exchange respectfully requests that the Commission waive the 30-day operative delay period after which a proposed rule change under Rule 19b-4(f)(6) becomes effective. The Exchange believes the waiver of the 30-day operative delay is appropriate in this situation as the proposed changes are simply to remove rule text that does not apply to stock options and clarify the MWCB halt process. The proposed rule change makes no substantive changes to the Exchange’s Rules regarding when it will halt or reopen. A waiver of the operative delay will protect investors, as it will permit the Exchange to eliminate potentially confusing language from its Rules as soon as possible.

(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 substantially similar to NYSE Arca Options Rule 6.65-O(e) and MIAX Options Exchange Rule 504.03.

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 2-4. Not applicable.

Exhibit 5. Proposed rule text.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CBOE-2022-035]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rule 5.22 to Remove Certain References to the Market-Wide Circuit Breaker Program

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

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

Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) is filing with the Securities and Exchange Commission (the “Commission”) a proposal to amend Rule 5.22 to remove certain references to the Market-Wide Circuit Breaker program. The text of the proposed rule change is provided in Exhibit 5.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

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

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

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

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

1. Purpose

The Exchange proposes to amend Exchange Rule 5.22 to remove certain rule text that references the Market-Wide Circuit Breaker ("MWCB") program for equity securities. The proposed changes are intended to clarify the Exchange's rules regarding trading halts in options due to a MWCB. In addition, the Exchange proposes to make certain non-substantive changes to Rule 5.22 to delete references to individual stocks, which no longer trade on the Exchange.

MWCB Program

On March 16, 2022, the Commission approved a proposal by the New York Stock Exchange LLC ("NYSE") to make permanent the MWCB program.⁵ The Commission

⁵ See Securities Exchange Act Release No. 94441 (March 16, 2022), 87 FR 16286 (March 22, 2022) (SR-NYSE-2021-40) (Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1 To Adopt on a

approved a proposal filed by the Exchange on April 12, 2022, to adopt on a permanent basis the MWCB pilot program.⁶ The Exchange's affiliated equities exchanges similarly received approval to make permanent the MWCB pilot program on April 12, 2022.⁷

The Exchange's current rule regarding MWCB halts can be found in Rule 5.22,⁸ which states, "[t]he Exchange shall halt trading in all stocks and stock options whenever a market-wide trading halt known as a circuit breaker is initiated in response to extraordinary

Permanent Basis the Pilot Program for Market-Wide Circuit Breakers in Rule 7.12).

⁶ See Securities Exchange Act Release No. 94706 (April 12, 2022), 87 FR 22954 (April 18, 2022) (SR-CBOE-2022-018) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Adopt on a Permanent Basis the Pilot Program for Market-Wide Circuit Breakers, Currently Codified in Rule 5.22).

⁷ See Securities Exchange Act Release No. 94705 (April 12, 2022), 87 FR 22977 (April 18, 2022) (SR-CboeBYX-2022-011) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt on a Permanent Basis the Pilot Program for Market-Wide Circuit Breakers, Currently Codified in Rule 11.18); Securities Exchange Act Release No. 94702 (April 12, 2022), 87 FR 23003 (April 18, 2022) (SR-CboeBZX-2022-027) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt on a Permanent Basis the Pilot Program for Market-Wide Circuit Breakers, Currently Codified in Rule 11.18); Securities Exchange Act Release No. 94701 (April 12, 2022), 87 FR 22963 (April 18, 2022) (SR-CboeEDGA-2022-008) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt on a Permanent Basis the Pilot Program for Market-Wide Circuit Breakers, Currently Codified in Rule 11.16); Securities Exchange Act Release No. 94699 (April 12, 2022), 87 FR 22967 (April 18, 2022) (SR-CboeEDGX-2022-023) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt on a Permanent Basis the Pilot Program for Market-Wide Circuit Breakers, Currently Codified in Rule 11.16).

⁸ See Exchange Rule 5.22 ("Market-wide Trading Halts due to Extraordinary Market Volatility").

market conditions.” Rules 5.22(a)⁹ and 5.22(b)¹⁰ describe the applicable Market Declines and associated trading halts applicable to MWCB. The Exchange notes that the text in Rules 5.22(a) and 5.22(b) is identical to the MWCB language found in the Exchange’s affiliated equity exchanges’ rules.¹¹ Those rules are implemented exclusively by equities exchanges. While the Exchange previously operated a stock trading facility, this functionality is no longer supported by the Exchange and as such, the Exchange is proposing to remove the MWCB rules associated with equity securities. Rules 5.22(f) – (h) detail the MWCB testing requirements that were implemented as part of the adoption of the MWCB program on a permanent basis.¹² The Exchange is now proposing to remove the language in current Rules 5.22(a), 5.22(b), 5.22(d), 5.22(e), 5.22(f), 5.22(g), and 5.22(h), as this language applies specifically to equity securities, which do not trade on the Exchange. Given that the introductory language in Rule 5.22 specifically states that stock options will be halted in the

⁹ See Exchange Rule 5.22(a) (“Definitions”). A Market Decline means a decline in price of the S&P 500 Index between 9:30 a.m. and 4:00 p.m. on a trading day as compared to the closing price of the S&P 500 Index for the immediately preceding trading day. A Level 1 Market Decline means a Market Decline of 7%, a Level 2 Market Decline means a Market Decline of 13%, and a Level 3 Market Decline means a Market Decline of 20%.

¹⁰ See Exchange Rule 5.22(b) (“Halts in Trading”). The Exchange shall halt trading in all stock or stock options for 15 minutes if a Level 1 or Level 2 Market Decline occurs after 9:30 a.m. and before 3:26 p.m. (or 12:26 p.m. in the case of an early scheduled close). The Exchange will not halt trading if a Level 1 or Level 2 Market Decline occurs at 3:26 p.m. (12:26 p.m. on days with an early scheduled close) or later. The Exchange shall halt trading in all stocks and stock options until the next trading day if a Level 3 Market Decline occurs at any time during the trading day.

¹¹ See Cboe BYX Exchange Rules 11.18(a)(1)-(4) and 11.18(b); Cboe BZX Exchange Rules 11.18(a)(1)-(4) and 11.18(b); Cboe EDGA Exchange Rules 11.16(a)(1)-(4) and 11.16(b); Cboe EDGX Exchange Rules 11.16(a)(1)-(4) and 11.16(b).

¹² See Exchange Rule 5.22(f) (“Market-Wide Circuit Breaker Testing”).

event of a market-wide circuit breaker,¹³ the MWCB rules applicable to equity securities (currently housed in Rules 5.22(a) – (b), (d) – (h)) are not necessary. The Exchange believes that by removing this language its rules regarding stock option halts due to market-wide circuit breakers will provide clarity for Trading Permit Holders¹⁴ and others who may rely on the rule.

As a result of the proposed changes described above, the remaining provisions of Rule 5.22 have been renumbered. In addition, the Exchange has proposed a non-substantive change to current Rule 5.22(c) in order to remove outdated reopening procedures and reference current Rule 5.31, which describes the reopening process for all halts.¹⁵ The Exchange notes that these changes are non-substantive and are being proposed to better organize the Exchange’s rules regarding halts due to MWCB and provide a more accurate description of the Exchange’s reopening process following a MWCB halt.

¹³ Supra note 8.

¹⁴ A Trading Permit Holder means “any individual, corporation, partnership, limited liability company or other entity authorized by the Rules that holds a Trading Permit.” See Eleventh Amended and Restated Bylaws of Cboe Exchange, Inc. Section 1.1 (“Definitions”). A Trading Permit “means a license issued by the Exchange that grants the holder or the holder’s nominee the right to access one or more facilities of the Exchange for the purpose of effecting transactions in securities traded on the Exchange without the services of another person acting as broker, and otherwise to access the facilities of the Exchange for purposes of trading or reporting transactions or transmitting orders or quotations in securities traded on the Exchange, or to engage in other activities that, under the Rules, may only be engaged in by Trading Permit Holders, provided that the holder or the holder’s nominee, as applicable, satisfies any applicable qualification requirements to exercise those rights.” See Exchange Rule 1.1 (“Definitions”).

¹⁵ See Rule 5.31(g) (“Opening Auction Process Following Trading Halts”).

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.¹⁶ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁷ 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)¹⁸ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that removing the text in current Rules 5.22(a) – (b), (d) – (h) will promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and protect investors and the public interest because the text being removed applies to equity securities, which do not currently trade on the Exchange. The language in Rules 5.22(a) – (b), (d) – (h) describes the applicable Market Declines, trading halts, reopening processes,

¹⁶ 15 U.S.C. 78f(b).

¹⁷ 15 U.S.C. 78f(b)(5).

¹⁸ Id.

and MWCB testing requirements that are identical to the corresponding MWCB rules in the Exchange's affiliated equities exchanges. Those rules are implemented exclusively by equities exchanges. As the Exchange does not trade equity securities, the Exchange believes it is confusing to have rule text that describes the MWCB program within its rules and believes that limiting the text in Rule 5.22 to describe that stock options will be halted in the event of a MWCB will eliminate potential confusion amongst Trading Permit Holders. The Exchange notes that competing exchanges have similar rule text regarding trading halts in options when a MWCB commences in equity securities.¹⁹ In addition, the Exchange believes that the proposed non-substantive change to remove the current, outdated rule text in Rule 5.22 regarding the reopening procedures for halts due to a MWCB promotes just and equitable principles of trade, removes impediments to and perfects the mechanism of a free and open market and a national market system, and protects investors and the public interest because it seeks to clarify that any reopening due to a MWCB halt will be conducted under the provisions of Rule 5.31. By providing a reference to Rule 5.31, the Exchange believes Trading Permit Holders will be directed to the most relevant reopening procedures and any potential confusion regarding the reopening process for halts due to MWCBs will be eliminated.

Similarly, the Exchange believes that removing language that references the trading of stocks on the Exchange will promote just and equitable principles of trade, remove

¹⁹ See NYSE Arca Options Rule 6.65-O(e), which states “[t]he Exchange shall halt trading in all options whenever the equities markets initiate a market-wide trading halt commonly known as a circuit breaker in response to extraordinary market conditions.” See also MIAX Options Exchange Rule 504.03, which states “[t]he Exchange shall halt trading in all securities whenever a market-wide trading halt commonly known as a circuit breaker is initiated on the New York Stock Exchange in response to extraordinary market conditions.”

impediments to and perfect the mechanism of a free and open market and a national market system, and protect investors and the public interest as it is inapplicable to the Exchange. Equity securities are not eligible for trading on the Exchange and the rules are applicable only to the securities which currently trade on the Exchange. Therefore, deletion of this language will eliminate any potential confusion from the Rules.

For the foregoing reasons, the Exchange believes that the proposed change is consistent with the Act.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed change is not intended to address competition, but rather, makes clarifying changes to Rule 5.22 in order to benefit all Trading Permit Holders equally. The Exchange does not believe that removing the MWCB rule text that is applicable to equity securities would have any impact on competition as the revised rule text will look substantively similar to the rules of other competing options exchanges. The Exchange seeks to ensure consistency amongst exchanges with respect to this industry-wide program without implicating any competitive issues.

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

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

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

Because the foregoing proposed rule change does not:

- A. significantly affect the protection of investors or the public interest;
- B. impose any significant burden on competition; and

C. become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act²⁰ and Rule 19b-4(f)(6)²¹ 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-CBOE-2022-035 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.

²⁰ 15 U.S.C. 78s(b)(3)(A).

²¹ 17 CFR 240.19b-4(f)(6).

All submissions should refer to File Number SR-CBOE-2022-035. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CBOE-2022-035 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.²²

Secretary

²² 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Proposed new language is underlined; proposed deletions are in [brackets].

Rules of Cboe Exchange, Inc.

* * *

Rule 5.22 Market-wide Trading Halts due to Extraordinary Market Volatility

(a) The Exchange shall halt trading in all [stocks and stock] options whenever a market-wide trading halt commonly known as a circuit breaker is initiated in response to extraordinary market conditions.

[The Exchange will halt trading in all stocks and stock options and shall not reopen for the time periods specified in this Rule if there is a Level 1, 2, or 3 Market Decline.]

[(a) Definitions. For purposes of this Rule:

(1) A “Market Decline” means a decline in price of the S&P 500 Index between 9:30 a.m. and 4:00 p.m. on a trading day as compared to the closing price of the S&P 500 Index for the immediately preceding trading day. The Level 1, Level 2, and Level 3 Market Declines that will be applicable for the trading day will be publicly disseminated before 9:30 a.m.

(2) A “Level 1 Market Decline” means a Market Decline of 7%.

(3) A “Level 2 Market Decline” means a Market Decline of 13%.

(4) A “Level 3 Market Decline” means a Market Decline of 20%.

(b) Halts in Trading.

(1) If a Level 1 or Level 2 Market Decline occurs after 9:30 a.m. and up to and including 3:25 p.m. or, in the case of an early scheduled close, 12:25 p.m., the Exchange shall halt trading in all stocks and stock options for 15 minutes after a Level 1 or Level 2 Market Decline. The Exchange shall halt trading based on a Level 1 or Level 2 Market Decline only once per trading day. The Exchange will not halt trading if a Level 1 or Level 2 Market Decline occurs after 3:25 p.m. or, in the case of an early scheduled close, 12:25 p.m.

(2) If a Level 3 Market Decline occurs at any time during the trading day, the Exchange shall halt trading in all stocks and stock options until the next trading day.]

[(c)](b) [Reopening of Stock Options Trading. Upon reopening, a rotation shall be held in each class of options unless two Floor Officials conclude that a different method of reopening is appropriate under the circumstances, including but

not limited to, no rotation, an abbreviated rotation or any other variation in the manner of the rotation.] Following a trading halt, a class will reopen for trading in accordance with Rule 5.31(g).

[(1) If a circuit breaker is initiated in all stocks due to a Level 1 or Level 2 Market Decline:

(A) The Exchange will halt trading in each class of options on those stocks until trading has resumed on the primary listing market for the stocks or notice has been received from the primary listing market that trading may resume. If, however, trading has not resumed on the primary listing market for a stock within 15 minutes following the end of the 15-minute halt period, the Exchange may resume trading in the options if at least one market has resumed trading in the stock.

(B) The Exchange will halt trading in all other stock options not specified in subparagraph (c)(1)(A) above. The Exchange may resume trading in such other stock options any time after the 15-minute halt period.

(d) Reopening of Stock Trading

Upon reopening, a rotation shall be held in each stock unless the Exchange concludes that a different method of reopening is appropriate under the circumstances, including but not limited to, no rotation, an abbreviated rotation or any other variation in the manner of the rotation.

(1) If a circuit breaker is initiated in all stocks due to a Level 1 or Level 2 Market Decline, the Exchange will halt trading in those stocks until trading has resumed on the primary listing market or notice has been received from the primary listing market that trading may resume. If, however, trading has not resumed on the primary listing market for a stock within 15 minutes follow the end of the 15-minute halt period, the Exchange may resume trading in the stock.]

(c) Nothing in this Rule shall be construed to limit the ability of the Exchange to halt trading in any security or securities traded on the Exchange pursuant to any other Exchange rule or policy.

[(e) Rule Application.

This Rule 5.22 also applies to index options, Credit options, and binary options.

(f) Market-Wide Circuit Breaker (“MWCB”) Testing.

(1) The Exchange will participate in all industry-wide tests of the MWCB mechanism. Trading Permit Holders designated pursuant to paragraph (b) of Rule 5.24 to participate in Disaster Recovery are required to participate in at least one industry-wide MWCB test each year and to verify their participation in

that test by attesting that they are able to or have attempted to:

(A) receive and process MWCB halt messages from the securities information processors (“SIPs”);

(B) receive and process resume messages from the SIPs following a MWCB halt;

(C) receive and process market data from the SIPs relevant to MWCB halts; and

(D) send orders following a Level 1 or Level 2 MWCB halt in a manner consistent with their usual trading behavior.

(2) To the extent that a Trading Permit Holder participating in a MWCB test is unable to receive and process any of the messages identified in paragraph (f)(1)(A)-(D) of this Rule, its attestation should notify the Exchange which messages it was unable to process and, if known, why.

(3) Members not designated pursuant to standards established in paragraph (b) of Rule 5.24 are permitted to participate in any MWCB test.

(g) In the event that a halt is triggered under this Rule following a Level 1, Level 2, or Level 3 Market Decline, the Exchange, together with other SROs and industry representatives (the “MWCB Working Group”), will review such event. The MWCB Working Group will prepare a report that documents its analysis and recommendations and will provide that report to the Commission within 6 months of the event.

(h) In the event that there is (1) a Market Decline of more than 5%, or (2) an SRO implements a rule that changes its reopening process following a MWCB Halt, the Exchange, together with the MWCB Working Group, will review such event and consider whether any modifications should be made to this Rule. If the MWCB Working Group recommends that a modification should be made to this Rule, the MWCB Working Group will prepare a report that documents its analysis and recommendations and provide that report to the Commission.]

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