Required fields are shown with yellow backgrounds and asterisks.

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

File No. * SR 2022 - * 042
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)(4)
☐ 19b-4(f)(2)	☐ 19b-4(f)(5)
☐ 19b-4(f)(3)	✓ 19b-4(f)(6)

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

Section 806(e)(1) * ☐

Section 806(e)(2) * ☐

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

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

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

The Exchange proposes to amend Rule 19.6.

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 * Laura Last Name * Dickman

Title * VP, Associate General Counsel

E-mail * ldickman@cboe.com

Telephone * (312) 786-7572 Fax

Signature

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

Date 08/01/2022

By Laura G. Dickman
(Name *)

(Title *)
VP, Associate General Counsel

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

Laura Dickman Date: 2022.08.01 11:20:22 -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 EFFS website.

Form 19b-4 Information * Add | Remove | View BZX-22-042 19b-4 (Smarter Strike Cle	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 BZX-22-042 Exhibit 1 (Smarter Strike	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 Add | Remove | View	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 BZX-22-042 Exhibit 5 (Smarter Strike (	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. <u>Text of the Proposed Rule Change</u>

(a) Cboe BZX Exchange, Inc. (the "Exchange" or "BZX Options") proposes to amend Rule 19.6.

Item 2. <u>Procedures of the Self-Regulatory Organization</u>

(a) The Exchange's President pursuant to delegated authority approved the proposed rule change on July 20, 2022. The Exchange proposes to implement the rule change on August 1, 2022 and will announce that implementation notice via Exchange Notice.

(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 Laura G. Dickman, (312) 786-7572, Cboe BZX Exchange, Inc., 433 West Van Buren Street, Chicago, Illinois 60607.

Item 3. <u>Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change</u>

(a) <u>Purpose</u>

The proposed rule change amends Rule 19.6, Interpretation and Policy .05. Specifically, the Exchange proposes to amend Rule 19.6, Interpretation and Policy .05(f) to account for conflicts between different provisions within the Short Term Option Series Rules, extend current $0.50 strike price intervals in equity options to short term options with strike prices less than $100, and make other clarifying changes.

In 2021, the Exchange amended Rule 19.6, Interpretation and Policy .05 to limit the intervals between strikes in equity options listed as part of the Short Term Option Series Program, excluding Exchange-Traded Fund Shares and ETNs, that have an expiration date more than twenty-one days from the listing date ("Strike Interval Proposal").[1] The Strike Interval Proposal adopted new paragraph (f), which included a table that intended to specify the applicable strike intervals that would supersede subparagraph (e)[2] for Short Term Option Series in equity options, excluding options on exchange-traded fund shares and on exchange-traded notes, which have an expiration more than 21 days from the listing date. The Strike Interval Proposal was designed to reduce the density of strike intervals that would be listed in later weeks, within the Short Term Option Series Program, by utilizing limitations for intervals between strikes that have an expiration date more than 21 days from the listing date.

The Exchange proposes to amend Rule 19.6, Interpretation and Policy .05 to clarify the current rule text and amend the application of the table to account for potential conflicts within the Short Term Option Series Rules. Currently, Rule 19.6, Interpretation and Policy .05(f) provides that notwithstanding subparagraph (e),[3] when Short Term Option Series in equity options (excluding options on ETFs and ETNs) have an expiration more than 21 days from the listing date, the strike interval for each option class will be based on the following table:

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1 See Securities Exchange Act Release No. 91455 (April 1, 2021), 86 FR 18099 (April 7, 2021) (SR-CboeBZX-2021-022).

2 Rule 19.6, Interpretation and Policy .05(e) states if a class does not trade in $1 strike price intervals, the strike price interval for Short Term Option Series may be (i) $0.50 or greater where the strike price is less than $75; (ii) $1.00 or greater where the strike price is between $75 and $150; or (iii) $2.50 or greater for strike prices greater than $150.

3 The proposed rule change makes a nonsubstantive change to correct the term "subparagraph" to "paragraph" in the introductory paragraph of Rule 19.6, Interpretation and Policy .05(f) as well as subparagraph (f)(3).

Tier	Average Daily Volume	Share Price[4]				
		Less than $25	**$25 to less than $75**	**$75 to less than $150**	**$150 to less than $500**	**$500 or greater**
1	Greater than 5,000	$0.50	$1.00	$1.00	$5.00	$5.00
2	Greater than 1,000 to 5,000	$1.00	$1.00	$1.00	$5.00	$10.00
3	0 to 1,000	$2.50	$5.00	$5.00	$5.00	$10.00

First, the Exchange proposes to add the phrase "which specifies the applicable interval for listing" to the end of the first sentence of paragraph (f). The table within that paragraph provides for the listing of intervals based on certain parameters (average daily volume and share price). The Exchange proposes to add the phrase "which specifies the applicable interval for listing" to clarify that the only permitted intervals are as specified in the table within paragraph (f), as proposed to be amended.

Second, the Exchange proposes to amend the table in paragraph (f) to address situations in which there is a conflict between applying the intervals in paragraph (e) and the

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4 The Share Price is the closing price on the primary market on the last day of the calendar quarter. In the event of a corporate action, the Share Price of the surviving company is utilized. The Average Daily Volume is the total number of option contracts traded in a given security for the applicable calendar quarter divided by the number of trading days in the applicable calendar quarter. Beginning on the second trading day in the first month of each calendar quarter, the Average Daily Volume is calculated by utilizing data from the prior calendar quarter based on Customer-cleared volume at OCC. For options listed on the first trading day of a given calendar quarter, the Average Daily Volume is calculated using the quarter prior to the last trading calendar quarter. See Rule 19.6, Interpretation and Policy .05(f)(1) and (2).

table in paragraph (f). Today, there are instances where a conflict is presented as between the application of the table within paragraph (f) and the rule text within paragraph (e) with respect to the correct interval. To address these potential conflicts, the Exchange proposes that to the extent there is a conflict between applying the current table within paragraph (f) and the rule text within paragraph (e), the greater interval would apply. To reflect this within the Rules, the Exchange proposes to amend the table in paragraph (f) to specify what the greater interval would be, and thus the interval the Exchange would apply, in the event of any possible conflict between the two rule provisions. Specifically, the proposed rule change amends the table as follows:

Tier	**Average Daily Volume**	**Share Price**				
		Less than $25	**$25 to less than $75**	**$75 to less than $150**	**$150 to less than $500**	**$500 or greater**
1	Greater than 5,000	$0.50 for strikes less than $100 in Short Term Option Series Program classes and classes that trade in $1 increments in non-Short Term Options $1.00 for strikes between $100 and $150 for classes that do not otherwise trade in $1.00 increments in non-Short Term Options	$1.00 for strikes less than $150 $2.50 for strikes greater than $150	$1.00 for strikes less than $150 $2.50 for strikes greater than $150	$5.00	$5.00

		$2.50 for strikes greater than $150				
2	Greater than 1,000 to 5,000	$1.00 for strikes less than $150 $2.50 for strikes greater than $150	$1.00 for strikes less than $150 $2.50 for strikes greater than $150	$1.00 for strikes less than $150 $2.50 for strikes greater than $150	$5.00	$10.00
3	0 to 1,000	$2.50	$5.00	$5.00	$5.00	$10.00

Below are some examples to demonstrate the application of the proposed table:

Example 1: Assume a Tier 1 stock that closed on the last day of Q1 with a quarterly share price higher than $75 but less than $150. Therefore, utilizing the current table within paragraph (f), the interval would be $1.00 for strikes added during Q2 even for strikes above $150. However, paragraph (e) provides that the Exchange may list a Short Term Option Series at $2.50 intervals where the strike price is above $150. In other words, there is a potential conflict between the permitted strike intervals above $150 during Q2. In this example, current paragraph (f) would specify a $1.00 interval whereas current paragraph (e) would specify a $2.50 interval. Consistent with selecting the greater interval (from current paragraph (e)), the permissible strike interval in this scenario would be $2.50 as set forth in the proposed table. Therefore, during Q2, the following strikes would be eligible to list: $152.50 and $157.50. For strikes less than $150, the following strikes would be eligible to list during Q2: $149 and $148 because Short Term Option Series with expiration dates more than 21 days from the listing date as well as Short Term Option Series with expiration dates less than 21 days from the listing date would both be eligible to list $1 intervals pursuant to both paragraphs (e) and (f).

Example 2: Assume a Tier 2 stock that closed on the last day of Q1 with a quarterly share price less than $25. Therefore, utilizing the current table within paragraph (f), the interval would be $1.00 for strikes added during Q2 even for strikes above $25. However, paragraph (e) provides that the Exchange may list a Short Term Option Series at $0.50 intervals where the strike is less than $100, at $1.00 intervals where the strike price is between $100 and $150, and at $2.50 intervals where the strike price is above $150. In other words, there is a potential conflict between the permitted strike intervals below $100 and above $150 during Q2. In this example, current paragraph (f) would specify a $1.00 interval for strikes below $100 whereas current paragraph (e) would specify a $0.50 interval. Consistent with selecting the greater interval (from current paragraph (f)), the permissible strike interval in this scenario for strikes below $100 would be $1.00 as set forth in the proposed table. For strikes between $100 and $150, there is no conflict, as both provisions would provide $1.00 intervals for those strikes. For strikes above $150, current paragraph (f) would specify a $1.00 interval for strikes above $150 whereas current paragraph (e) would specify a $2.50 interval. Consistent with selecting the greater interval (from current paragraph (e)), the permissible strike interval in this scenario for strikes above $150 would be $2.50 as set forth in the proposed table.

Example 3: Assume a Tier 3 stock that closed on the last day of Q1 with a quarterly share price less than $25. Therefore, utilizing the current table within paragraph (f), the interval would be $2.50 for all strikes added during Q2. However, paragraph (e) provides that the Exchange may list a Short Term Option Series at $0.50 intervals where the strike price is less than \$100, \$1.00 intervals where the strike price is between \$100 and \$150, and \$2.50 intervals where the strike price is above \$150. In other words, there is a potential conflict between the permitted strike intervals below \$150 during Q2 (there is no conflict for strikes above \$150, as both provisions provide for a \$2.50 strike interval). Consistent with selecting the greater interval (From current paragraph (f)), the permissible strike interval in this scenario for strikes below \$150 would be \$2.50 as set forth in the proposed table.[5]

Third, the Exchange proposes to delete the last sentence of the introductory paragraph of paragraph (f), which states "[t]he below table indicates the applicable strike intervals and supersedes paragraph (d) above, which permits additional series to be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the exercise price or prices of the series already opened." The table within paragraph (f) supersedes other rules pertaining to strike intervals, but the table does not supersede rules governing the addition of options series. Therefore, the table within paragraph (f) and the rule text of paragraph (d) do not conflict with each other. Deleting the reference to paragraph (d) will avoid potential confusion.

Fourth, the Exchange proposes to delete subparagraph (f)(4), which states "[n]otwithstanding the limitations imposed by this subparagraph (f), this subparagraph (f) does not amend the range of strikes for Short Term Option Series may be listed pursuant to subparagraph (e) above." While the range limitations continue to be applicable within

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5 The Exchange made similar corresponding changes to the table for tier 1 and tier 2 stocks with prices \$25 to less than \$75 and \$75 to less than \$150, with all potential conflicts between current paragraphs (e) and (f) resolved to apply the greater interval.

paragraph (f), the strike ranges do not conflict with the strike intervals and therefore the sentence is not necessary. Removing this provision will avoid potential confusion.

Finally, the Exchange proposes to amend Rule 19.6, Interpretation and Policy .05(e) to extend $0.50 strike price intervals in equity options to short-term options with strike prices less than $100 instead of the current $75. This proposed change is intended to conform this provision of the Short Term Option Series Program to that of other options exchanges.[6] With this proposed change, for short term options in equity option classes that do not trade in $1 strike price intervals, the strike price interval for Short Term Option Series may be (i) $0.50 or greater where the strike price is less than $100; (ii) $1.00 or greater where the strike price is between $100 and $150; or (iii) $2.50 or greater for strike prices greater than $150.

(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.[7] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[8] requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market

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[6] This is consistent with the rules of other options exchanges. See, e.g., Cboe Options Rule 4.5(d)(5).

[7] 15 U.S.C. 78f(b).

[8] 15 U.S.C. 78f(b)(5).

system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[9] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange believes the Strike Proposal continues to limit the intervals between strikes listed in the Short Term Option Series Program that have an expiration date more than twenty-one days.

In particular, the Exchange's proposed addition to the first sentence of Rule 19.6, Interpretation and Policy .05(f) is consistent with the Act because it clarifies that the only permitted intervals are as specified in the table within that subparagraph, as amended. The Exchange believes this proposed rule change will bring greater transparency to the rule. The proposed rule change to amend the table within Rule 19.6, Interpretation and Policy .05(f) to address potential conflicts between that paragraph and paragraph (e) with respect to the correct strike interval is consistent with the Act because it protects investors and the public interest by adding transparency to the manner in which the Exchange implements its listing rules and removes potential uncertainty. The proposed rule text specifies the applicable intervals when there is a conflict between the rule text within paragraphs (e) and (f), thereby providing certainty as to the outcome. The table within paragraph (f) impacts strike intervals and supersedes other strike interval rules but does not supersede the addition of option series. Therefore, paragraph (d) regarding the addition of option series does not conflict with the table in paragraph (f). Deleting the last sentence of the introductory paragraph of Rule 19.6, Interpretation and Policy .05(f) that includes the reference to paragraph (d) is therefore consistent with the Act. Similarly, deleting Rule 19.6,

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9 Id.

Interpretation and Policy .05(f)(4) is consistent with the Act because while the range limitations continue to be applicable, the strike ranges do not conflict with strike intervals, rendering the sentence unnecessary. Deletion of this provision will avoid potential confusion.

The Strike Interval Proposal was designed to reduce the density of strike intervals that would be listed in later weeks, within the Short Term Option Series Program, by utilizing limitations for intervals between strikes which have an expiration date more than twenty-one days from the listing date. The Exchange's proposal intends to continue to remove certain strike intervals where there exist clusters of strikes whose characteristics closely resemble one another and, therefore, do not serve different trading needs,[10] rendering these strikes less useful. Also, the Strike Interval Proposal continues to reduce the number of strikes listed on the Exchange, allowing Market-Makers to expend their capital in the options market in a more efficient manner, thereby improving overall market quality on the Exchange.

Additionally, applying the greater interval would control as between the rule text within current Rule 19.6, Interpretation and Policy .05(e) and (f), the Exchange is reducing the number of strikes listed in a manner consistent with the intent of the Strike Interval Proposal, which was to reduce strikes which were farther out in time. The result of this clarification is to select wider strike intervals for Short Term Option Series in equity options which have an expiration date more than twenty-one days from the listing date. This rule change would harmonize strike intervals as between inner weeklies (those having

10 For example, two strikes that are densely clustered may have the same risk properties and may also be the same percentage out-of-the-money.

less than twenty-one days from the listing date) and outer weeklies (those having more than twenty-one days from the listing date) so that strike intervals are not widening as the listing date approaches.

The proposed rule change to extend current $0.50 strike price intervals in equity options to short term options with strike prices less than $100 will remove impediments to and perfect the mechanism of a free and open market and a national market system, because it will conform this portion of the Short Term Option Series Program to that of other options exchanges.[11]

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 Strike Interval Proposal continues to limit the number of Short Term Option Series Program strike intervals available for quoting and trading on the Exchange for all Options Members.

The Exchange believes adding clarifying language to the first sentence of Rule 19.6, Interpretation and Policy .05(f) regarding which parameter the table within that provision amends within the Short Term Option Series Program will bring greater transparency to the rules. Amending the table within paragraph (f) to address potential conflicts as between the rule text of Rule 19.6, Interpretation and Policy .05(e) and (f) will bring greater transparency to and reduce potential confusion regarding the manner in which the Exchange implements its listing rules. Deleting the last sentence of the first paragraph of the introductory paragraph of Rule 19.6, Interpretation and Policy .05(f) that references

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11 See, e.g., Cboe Options Rule 4.5(d)(5).

paragraph (d) does not impose an undue burden on competition and will avoid potential confusion because the table within paragraph (f) impacts strike intervals and supersedes other rules pertaining to strike intervals, but the table does not supersede rules governing the addition of options series, such as paragraph (d). Deleting Rule 19.6, Interpretation and Policy .05(f)(4) will also avoid any potential confusion because, while the range limitations continue to be applicable, the strike ranges do not conflict with strike intervals and are not necessary. Extending current $0.50 strike price intervals in equity options to short term options with strike prices less than $100 will not impose an undue burden on competition, because it is consistent with the rules of other options exchanges.[12]

While this proposal continues to limit the intervals of strikes listed on the Exchange, the Exchange continues to balance the needs of market participants by continuing to offer a number of strikes to meet a market participant's investment objective. The Exchange's Strike Interval Proposal does not impose an undue burden on intermarket competition as this Strike Interval Proposal does not impact the listings available at another self-regulatory organization.

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.

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[12] See, e.g., Cboe Options Rule 4.5(d)(5).

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 Act[13] and Rule 19b-4(f)(6)[14] 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 believes the proposed rule change does not significantly affect the protection of investors or the public interest but rather promotes the protection of investors and the public interest as it improves market quality by removing unnecessary strikes, as well as adds transparency. Clear, transparent, and concise rules benefit investors and the public interest by reducing potential confusion. The Exchange believes the proposed additional language in the first sentence of Rule 19.6, Interpretation and Policy .05(f) that clarifies the only permitted intervals are as specified in that provision, as proposed to be amended, protects investors by adding transparency to the Exchange's Rules.

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[13] 15 U.S.C. 78s(b)(3)(A).

[14] 17 CFR 240.19b-4(f)(6).

Additionally, the Exchange believes the proposed change to amend the table within Rule 19.6, Interpretation and Policy .05(f) to address a potential conflict between the application of that table and the rule text within Rule 19.6, Interpretation and Policy .05(e) with respect to the correct interval does not significantly affect the protection of investors or the public interest because it clarifies the applicable strike price interval when a conflict between Rule 19.6, Interpretation and Policy .05(e) and (f) arises, thereby providing certainty as to the outcome. The proposed table benefits investors and the public interest by removing any uncertainty regarding the application of the Exchange's rules. Further, the Exchange believes deletion of the last sentence of the introductory paragraph of Rule 19.6, Interpretation and Policy .05(f) does not significantly affect the protection of investors or the public interest because it reduces potential confusion and provides clarity within the Exchange's Rules. The table within paragraph (f) impacts strike intervals and supersedes other strike interval rules but does not supersede the addition of option series. Therefore, paragraph (d) regarding the addition of option series does not conflict with the table in paragraph (f). Deleting the last sentence of the introductory paragraph of Rule 19.6, Interpretation and Policy .05(f) that includes the reference to paragraph (d) is therefore consistent with the Act. Similarly, deleting Rule 19.6, Interpretation and Policy .05(f)(4) is consistent with the Act because while the range limitations continue to be applicable, the strike ranges do not conflict with strike intervals, rendering the sentence unnecessary. Deletion of this provision will avoid potential confusion. The Exchange believes the proposed rule change does not impose any significant burden on competition because the proposed rule change adds transparency and certainty to and reduces potential confusion within the Exchange's rules.

The proposed rule change to extend current $0.50 strike price intervals in equity options to short term options with strike prices less than $100 will not significantly affect the protection of investors or impose any significant burden on competition because it will conform this portion of the Short Term Option Series Program to that of other options exchanges.[15]

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. Waiver of the operative delay will benefit investors because it will permit the Exchange to implement the proposed rule change at the same time as other options exchange that are implementing the same change. The Exchange believes that implementing the proposal simultaneously with other option exchanges will promote the protection of investors by harmonizing the strike listing methodology across exchanges. Additionally, the proposed rule change will permit the Exchange to extend current $0.50

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15 See, e.g., Cboe Options Rule 4.5(d)(5).

strike price intervals in equity options to short term options with strike prices less than $100 consistent with other options exchanges as soon as possible.

(c) Not applicable.

(d) Not applicable.

Item 8. <u>Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission</u>

The proposal is not novel and does not raise any unique issues, as it is substantively identical to a recent Nasdaq ISE proposal approved by the Commission.[16] Further, the Exchange anticipates that other option exchanges will file similar proposals. The proposed rule change to extend current $0.50 strike price intervals in equity options to short term options with strike prices less than $100 is also not novel and does not raise any unique issues, as it is based on the rules of other options exchanges.[17]

Item 9. <u>Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act</u>

Not applicable.

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

Not applicable.

Item 11. <u>Exhibits</u>

<u>Exhibit 1</u>. Completed Notice of Proposed Rule Change for publication in the <u>Federal Register</u>.

<u>Exhibit 5</u>. Proposed rule text.

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16 See Securities Exchange Act Release No. 95085 (June 10, 2022), 87 FR 36353 (June 16, 2022) (SR-ISE-2022-10) (Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, to Amend ISE Options 4, Section 5, Series of Options Contracts Open for Trading).

17 <u>See, e.g.</u>, Cboe Options Rule 4.5(d)(5).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-CboeBZX-2022-042]

[Insert date]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rule 19.6

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 Exchange filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act[3] 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 BZX Exchange, Inc. (the "Exchange" or "BZX Options") proposes to amend Rule 19.6. 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.

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

4 17 CFR 240.19b-4(f)(6).

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 proposed rule change amends Rule 19.6, Interpretation and Policy .05. Specifically, the Exchange proposes to amend Rule 19.6, Interpretation and Policy .05(f) to account for conflicts between different provisions within the Short Term Option Series Rules, extend current $0.50 strike price intervals in equity options to short term options with strike prices less than $100, and make other clarifying changes.

In 2021, the Exchange amended Rule 19.6, Interpretation and Policy .05 to limit the intervals between strikes in equity options listed as part of the Short Term Option Series Program, excluding Exchange-Traded Fund Shares and ETNs, that have an expiration date more than twenty-one days from the listing date ("Strike Interval Proposal").[5] The Strike Interval Proposal adopted new paragraph (f), which included a table that intended to specify the applicable strike intervals that would supersede subparagraph (e)[6] for Short Term Option

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5 See Securities Exchange Act Release No. 91455 (April 1, 2021), 86 FR 18099 (April 7, 2021) (SR-CboeBZX-2021-022).

6 Rule 19.6, Interpretation and Policy .05(e) states if a class does not trade in $1 strike price intervals, the strike price interval for Short Term Option Series may be (i) $0.50 or greater where the strike price is less than $75; (ii) $1.00 or greater where

Series in equity options, excluding options on exchange-traded fund shares and on exchange-traded notes, which have an expiration more than 21 days from the listing date. The Strike Interval Proposal was designed to reduce the density of strike intervals that would be listed in later weeks, within the Short Term Option Series Program, by utilizing limitations for intervals between strikes that have an expiration date more than 21 days from the listing date.

The Exchange proposes to amend Rule 19.6, Interpretation and Policy .05 to clarify the current rule text and amend the application of the table to account for potential conflicts within the Short Term Option Series Rules. Currently, Rule 19.6, Interpretation and Policy .05(f) provides that notwithstanding subparagraph (e),[7] when Short Term Option Series in equity options (excluding options on ETFs and ETNs) have an expiration more than 21 days from the listing date, the strike interval for each option class will be based on the following table:

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the strike price is between $75 and $150; or (iii) $2.50 or greater for strike prices greater than $150.

7 The proposed rule change makes a nonsubstantive change to correct the term "subparagraph" to "paragraph" in the introductory paragraph of Rule 19.6, Interpretation and Policy .05(f) as well as subparagraph (f)(3).

Tier	Average Daily Volume	Share Price[8]				
		Less than $25	$25 to less than $75	$75 to less than $150	$150 to less than $500	$500 or greater
1	Greater than 5,000	$0.50	$1.00	$1.00	$5.00	$5.00
2	Greater than 1,000 to 5,000	$1.00	$1.00	$1.00	$5.00	$10.00
3	0 to 1,000	$2.50	$5.00	$5.00	$5.00	$10.00

First, the Exchange proposes to add the phrase "which specifies the applicable interval for listing" to the end of the first sentence of paragraph (f). The table within that paragraph provides for the listing of intervals based on certain parameters (average daily volume and share price). The Exchange proposes to add the phrase "which specifies the applicable interval for listing" to clarify that the only permitted intervals are as specified in the table within paragraph (f), as proposed to be amended.

Second, the Exchange proposes to amend the table in paragraph (f) to address situations in which there is a conflict between applying the intervals in paragraph (e) and the

8 The Share Price is the closing price on the primary market on the last day of the calendar quarter. In the event of a corporate action, the Share Price of the surviving company is utilized. The Average Daily Volume is the total number of option contracts traded in a given security for the applicable calendar quarter divided by the number of trading days in the applicable calendar quarter. Beginning on the second trading day in the first month of each calendar quarter, the Average Daily Volume is calculated by utilizing data from the prior calendar quarter based on Customer-cleared volume at OCC. For options listed on the first trading day of a given calendar quarter, the Average Daily Volume is calculated using the quarter prior to the last trading calendar quarter. See Rule 19.6, Interpretation and Policy .05(f)(1) and (2).

table in paragraph (f). Today, there are instances where a conflict is presented as between the application of the table within paragraph (f) and the rule text within paragraph (e) with respect to the correct interval. To address these potential conflicts, the Exchange proposes that to the extent there is a conflict between applying the current table within paragraph (f) and the rule text within paragraph (e), the greater interval would apply. To reflect this within the Rules, the Exchange proposes to amend the table in paragraph (f) to specify what the greater interval would be, and thus the interval the Exchange would apply, in the event of any possible conflict between the two rule provisions. Specifically, the proposed rule change amends the table as follows:

Tier	**Average Daily Volume**	**Share Price**				
		Less than $25	**$25 to less than $75**	**$75 to less than $150**	**$150 to less than $500**	**$500 or greater**
1	Greater than 5,000	$0.50 for strikes less than $100 in Short Term Option Series Program classes and classes that trade in $1 increments in non-Short Term Options $1.00 for strikes between $100 and $150 for classes that do not otherwise trade in $1.00 increments in non-Short Term Options	$1.00 for strikes less than $150 $2.50 for strikes greater than $150	$1.00 for strikes less than $150 $2.50 for strikes greater than $150	$5.00	$5.00

		$2.50 for strikes greater than $150				
2	Greater than 1,000 to 5,000	$1.00 for strikes less than $150 $2.50 for strikes greater than $150	$1.00 for strikes less than $150 $2.50 for strikes greater than $150	$1.00 for strikes less than $150 $2.50 for strikes greater than $150	$5.00	$10.00
3	0 to 1,000	$2.50	$5.00	$5.00	$5.00	$10.00

Below are some examples to demonstrate the application of the proposed table:

Example 1: Assume a Tier 1 stock that closed on the last day of Q1 with a quarterly share price higher than $75 but less than $150. Therefore, utilizing the current table within paragraph (f), the interval would be $1.00 for strikes added during Q2 even for strikes above $150. However, paragraph (e) provides that the Exchange may list a Short Term Option Series at $2.50 intervals where the strike price is above $150. In other words, there is a potential conflict between the permitted strike intervals above $150 during Q2. In this example, current paragraph (f) would specify a $1.00 interval whereas current paragraph (e) would specify a $2.50 interval. Consistent with selecting the greater interval (from current paragraph (e)), the permissible strike interval in this scenario would be $2.50 as set forth in the proposed table. Therefore, during Q2, the following strikes would be eligible to list: $152.50 and $157.50. For strikes less than $150, the following strikes would be eligible to list during Q2: $149 and $148 because Short Term Option Series with expiration dates more than 21 days from the listing date as well as Short Term Option Series with expiration dates less than 21 days from the listing date would both be eligible to list $1 intervals pursuant to both paragraphs (e) and (f).

Example 2: Assume a Tier 2 stock that closed on the last day of Q1 with a quarterly share price less than $25. Therefore, utilizing the current table within paragraph (f), the interval would be $1.00 for strikes added during Q2 even for strikes above $25. However, paragraph (e) provides that the Exchange may list a Short Term Option Series at $0.50 intervals where the strike is less than $100, at $1.00 intervals where the strike price is between $100 and $150, and at $2.50 intervals where the strike price is above $150. In other words, there is a potential conflict between the permitted strike intervals below $100 and above $150 during Q2. In this example, current paragraph (f) would specify a $1.00 interval for strikes below $100 whereas current paragraph (e) would specify a $0.50 interval. Consistent with selecting the greater interval (from current paragraph (f)), the permissible strike interval in this scenario for strikes below $100 would be $1.00 as set forth in the proposed table. For strikes between $100 and $150, there is no conflict, as both provisions would provide $1.00 intervals for those strikes. For strikes above $150, current paragraph (f) would specify a $1.00 interval for strikes above $150 whereas current paragraph (e) would specify a $2.50 interval. Consistent with selecting the greater interval (from current paragraph (e)), the permissible strike interval in this scenario for strikes above $150 would be $2.50 as set forth in the proposed table.

Example 3: Assume a Tier 3 stock that closed on the last day of Q1 with a quarterly share price less than $25. Therefore, utilizing the current table within paragraph (f), the interval would be $2.50 for all strikes added during Q2. However, paragraph (e) provides that the Exchange may list a Short Term Option Series at $0.50 intervals where the strike price is less than \$100, \$1.00 intervals where the strike price is between \$100 and \$150, and \$2.50 intervals where the strike price is above \$150. In other words, there is a potential conflict between the permitted strike intervals below \$150 during Q2 (there is no conflict for strikes above \$150, as both provisions provide for a \$2.50 strike interval). Consistent with selecting the greater interval (From current paragraph (f)), the permissible strike interval in this scenario for strikes below \$150 would be \$2.50 as set forth in the proposed table.[9]

Third, the Exchange proposes to delete the last sentence of the introductory paragraph of paragraph (f), which states "[t]he below table indicates the applicable strike intervals and supersedes paragraph (d) above, which permits additional series to be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the exercise price or prices of the series already opened." The table within paragraph (f) supersedes other rules pertaining to strike intervals, but the table does not supersede rules governing the addition of options series. Therefore, the table within paragraph (f) and the rule text of paragraph (d) do not conflict with each other. Deleting the reference to paragraph (d) will avoid potential confusion.

Fourth, the Exchange proposes to delete subparagraph (f)(4), which states "[n]otwithstanding the limitations imposed by this subparagraph (f), this subparagraph (f) does not amend the range of strikes for Short Term Option Series may be listed pursuant to subparagraph (e) above." While the range limitations continue to be applicable within

9 The Exchange made similar corresponding changes to the table for tier 1 and tier 2 stocks with prices \$25 to less than \$75 and \$75 to less than \$150, with all potential conflicts between current paragraphs (e) and (f) resolved to apply the greater interval.

paragraph (f), the strike ranges do not conflict with the strike intervals and therefore the sentence is not necessary. Removing this provision will avoid potential confusion.

Finally, the Exchange proposes to amend Rule 19.6, Interpretation and Policy .05(e) to extend $0.50 strike price intervals in equity options to short-term options with strike prices less than $100 instead of the current $75. This proposed change is intended to conform this provision of the Short Term Option Series Program to that of other options exchanges.[10] With this proposed change, for short term options in equity option classes that do not trade in $1 strike price intervals, the strike price interval for Short Term Option Series may be (i) $0.50 or greater where the strike price is less than $100; (ii) $1.00 or greater where the strike price is between $100 and $150; or (iii) $2.50 or greater for strike prices greater than $150.

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.[11] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[12] 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,

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10 This is consistent with the rules of other options exchanges. See, e.g., Cboe Options Rule 4.5(d)(5).

11 15 U.S.C. 78f(b).

12 15 U.S.C. 78f(b)(5).

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)[13] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange believes the Strike Proposal continues to limit the intervals between strikes listed in the Short Term Option Series Program that have an expiration date more than twenty-one days.

In particular, the Exchange's proposed addition to the first sentence of Rule 19.6, Interpretation and Policy .05(f) is consistent with the Act because it clarifies that the only permitted intervals are as specified in the table within that subparagraph, as amended. The Exchange believes this proposed rule change will bring greater transparency to the rule. The proposed rule change to amend the table within Rule 19.6, Interpretation and Policy .05(f) to address potential conflicts between that paragraph and paragraph (e) with respect to the correct strike interval is consistent with the Act because it protects investors and the public interest by adding transparency to the manner in which the Exchange implements its listing rules and removes potential uncertainty. The proposed rule text specifies the applicable intervals when there is a conflict between the rule text within paragraphs (e) and (f), thereby providing certainty as to the outcome. The table within paragraph (f) impacts strike intervals and supersedes other strike interval rules but does not supersede the addition of option series. Therefore, paragraph (d) regarding the addition of option series does not

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13 Id.

conflict with the table in paragraph (f). Deleting the last sentence of the introductory paragraph of Rule 19.6, Interpretation and Policy .05(f) that includes the reference to paragraph (d) is therefore consistent with the Act. Similarly, deleting Rule 19.6, Interpretation and Policy .05(f)(4) is consistent with the Act because while the range limitations continue to be applicable, the strike ranges do not conflict with strike intervals, rendering the sentence unnecessary. Deletion of this provision will avoid potential confusion.

The Strike Interval Proposal was designed to reduce the density of strike intervals that would be listed in later weeks, within the Short Term Option Series Program, by utilizing limitations for intervals between strikes which have an expiration date more than twenty-one days from the listing date. The Exchange's proposal intends to continue to remove certain strike intervals where there exist clusters of strikes whose characteristics closely resemble one another and, therefore, do not serve different trading needs,[14] rendering these strikes less useful. Also, the Strike Interval Proposal continues to reduce the number of strikes listed on the Exchange, allowing Market-Makers to expend their capital in the options market in a more efficient manner, thereby improving overall market quality on the Exchange.

Additionally, applying the greater interval would control as between the rule text within current Rule 19.6, Interpretation and Policy .05(e) and (f), the Exchange is reducing the number of strikes listed in a manner consistent with the intent of the Strike Interval Proposal, which was to reduce strikes which were farther out in time. The result of this

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14 For example, two strikes that are densely clustered may have the same risk properties and may also be the same percentage out-of-the-money.

clarification is to select wider strike intervals for Short Term Option Series in equity options which have an expiration date more than twenty-one days from the listing date. This rule change would harmonize strike intervals as between inner weeklies (those having less than twenty-one days from the listing date) and outer weeklies (those having more than twenty-one days from the listing date) so that strike intervals are not widening as the listing date approaches.

The proposed rule change to extend current $0.50 strike price intervals in equity options to short term options with strike prices less than $100 will remove impediments to and perfect the mechanism of a free and open market and a national market system, because it will conform this portion of the Short Term Option Series Program to that of other options exchanges.[15]

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 Strike Interval Proposal continues to limit the number of Short Term Option Series Program strike intervals available for quoting and trading on the Exchange for all Options Members.

The Exchange believes adding clarifying language to the first sentence of Rule 19.6, Interpretation and Policy .05(f) regarding which parameter the table within that provision amends within the Short Term Option Series Program will bring greater transparency to the rules. Amending the table within paragraph (f) to address potential

[15] See, e.g., Cboe Options Rule 4.5(d)(5).

conflicts as between the rule text of Rule 19.6, Interpretation and Policy .05(e) and (f) will bring greater transparency to and reduce potential confusion regarding the manner in which the Exchange implements its listing rules. Deleting the last sentence of the first paragraph of the introductory paragraph of Rule 19.6, Interpretation and Policy .05(f) that references paragraph (d) does not impose an undue burden on competition and will avoid potential confusion because the table within paragraph (f) impacts strike intervals and supersedes other rules pertaining to strike intervals, but the table does not supersede rules governing the addition of options series, such as paragraph (d). Deleting Rule 19.6, Interpretation and Policy .05(f)(4) will also avoid any potential confusion because, while the range limitations continue to be applicable, the strike ranges do not conflict with strike intervals and are not necessary. Extending current $0.50 strike price intervals in equity options to short term options with strike prices less than $100 will not impose an undue burden on competition, because it is consistent with the rules of other options exchanges.[16]

While this proposal continues to limit the intervals of strikes listed on the Exchange, the Exchange continues to balance the needs of market participants by continuing to offer a number of strikes to meet a market participant's investment objective. The Exchange's Strike Interval Proposal does not impose an undue burden on intermarket competition as this Strike Interval Proposal does not impact the listings available at another self-regulatory organization.

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.

[16] See, e.g., Cboe Options Rule 4.5(d)(5).

III. <u>Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action</u>

Because the foregoing proposed rule change does not:

A. significantly affect the protection of investors or the public interest;

B. impose any significant burden on competition; and

C. become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act[17] and Rule 19b-4(f)(6)[18] 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. <u>Solicitation of Comments</u>

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:

<u>Electronic comments:</u>

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or

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17 15 U.S.C. 78s(b)(3)(A).

18 17 CFR 240.19b-4(f)(6).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CboeBZX-2022-042 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-2022-042. 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-2022-042 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.[19]

Secretary

19 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are <u>underlined</u>; deletions are [bracketed])

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Rules of Cboe BZX Exchange, Inc.

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Rule 19.6. Series of Options Contracts Open for Trading

(a) – (g) No change.

Interpretations and Policies

.01 – .04 No change.

.05 After an option class has been approved for listing and trading on BZX Options, the Exchange may open for trading on any Thursday or Friday that is a business day ("Short Term Option Opening Date") series of options on that class that expire on each of the next five (5) Fridays that are business days and are not Fridays in which monthly options series or Quarterly Options Series expire ("Short Term Option Expiration Dates"). The Exchange may have no more than a total of five Short Term Option Expiration Dates, not including any Monday or Wednesday SPY, IWM and QQQ Expirations as provided in paragraph (h) below. If BZX Options is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if BZX Options is not open for business on the Friday that the options are set to expire, the Short Term Option Expiration Date will be the first business day immediately prior to that Friday. Regarding Short Term Option Series:

(a) – (d) No change.

(e) Strike Interval. The interval between strike prices on Short Term Option Series shall be the same as the strike prices for series in that same option class that expire in accordance with the normal monthly expiration cycle. During the expiration week of an option class that is selected for the Short Term Option Series Program pursuant to this rule ("Short Term Option"), the strike price intervals for the related non-Short Term Option ("Related non-Short Term Option") shall be the same as the strike price intervals for the Short Term Option. If the class does not trade in $1 strike price intervals, the strike price interval for Short Term Option Series may be (i) $0.50 or greater where the strike price is less than $[75]<u>100</u>; (ii) $1.00 or greater where the strike price is between $[75]<u>100</u> and $150; or (iii) $2.50 or greater for strike prices greater than $150. During the week before the expiration week of a Short Term Option, the Exchange shall open the related non-Short Term Option for trading in Short Term Option intervals in the same manner permitted by this Interpretation and Policy .05.

(f) Strike Interval Limitations. Notwithstanding [sub]paragraph (e) above, when Short Term Option Series in equity options (excluding options on ETFs and ETNs) have an expiration more than 21 days from the listing date, the strike interval for each option class will be based on the table below<u>,</u>

which specifies the applicable interval for listing. [The below table indicates the applicable strike intervals and supersedes subparagraph (d) above, which permits additional series to be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the exercise price or prices of the series already opened.]

Tier	**Average Daily Volume**	**Share Price**				
		Less than $25	**$25 to less than $75**	**$75 to less than $150**	**$150 to less than $500**	**$500 or greater**
1	Greater than 5,000	$0.50 for strikes less than $100 in Short Term Option Series Program classes and classes that trade in $1 increments in non-Short Term Options $1.00 for strikes between $100 and $150 for classes that do not otherwise trade in $1.00 increments in non-Short Term Options $2.50 for strikes greater than $150	$1.00 for strikes less than $150 $2.50 for strikes greater than $150	$1.00 for strikes less than $150 $2.50 for strikes greater than $150	$5.00	$5.00
2	Greater than 1,000 to 5,000	$1.00 for strikes less than $150 $2.50 for strikes greater than $150	$1.00 for strikes less than $150 $2.50 for strikes greater than $150	$1.00 for strikes less than $150 $2.50 for strikes greater than $150	$5.00	$10.00
3	0 to 1,000	$2.50	$5.00	$5.00	$5.00	$10.00

(1) – (2) No change.

(3) Options that are newly eligible for listing pursuant to Rule 19.3 and designated to participate in the Short Term Option Program will not be subject to this [sub]paragraph (f) until after the end of the first full calendar quarter following the date the option class was first listed for trading on any options market.

[(4) Notwithstanding the limitations imposed by this subparagraph (f), this subparagraph (f) does not amend the range of strikes for Short Term Option Series that may be listed pursuant to subparagraph (e) above.]

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