

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 2026 - \* 019

Amendment No. (req. for Amendments \*)

Filing by Cboe C2 Exchange, Inc.

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

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

<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010  
Section 806(e)(1) \*

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 the definition of Professional to require monthly reviews of orders.

**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 \* Karen Last Name \* Bilek

Title \* Assistant General Counsel

E-mail \* kbilek@cboe.com

Telephone \* (312) 786-7128 Fax

**Signature**

Pursuant to the requirements of the Securities Exchange of 1934, Cboe C2 Exchange, Inc. has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 06/30/2026 (Title \*)

By Laura G. Dickman (Name \*) VP, Associate General Counsel

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

*Laura Dickman* Date: 2026.06.30  
15:20:20 -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 \***

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26-019 19b-4 - (f)(6) (Professional Or

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

26-019 Exhibit 1 (Professional Order F

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

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

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

**Exhibit 2- Notices, Written Comments, Transcripts, Other Communications**

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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**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

Add Remove View

26-019 Exhibit 5 (Professional Order F

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

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

**Item 1. Text of the Proposed Rule Change**

(a) Cboe C2 Exchange, Inc. (the “Exchange” or “C2”) proposes to amend the definition of Professional<sup>1</sup> to require monthly reviews of orders. The text of the proposed rule change is provided in Exhibit 5.

(b) Not applicable.

(c) Not applicable.

**Item 2. Procedures of the Self-Regulatory Organization**

(a) The Exchange’s President (or designee) pursuant to delegated authority approved the proposed rule change on June 23, 2026. The Exchange proposes implementing this rule change on July 1, 2026. The Exchange will issue a Regulatory Notice to provide notice to Participants of the proposed change.

(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 Karen Bilek, (312) 786-7128, Cboe C2 Exchange, Inc., 433 West Van Buren Street, Chicago, Illinois 60607.

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<sup>1</sup> See Rule 1.1, which defines Professional as any person or entity that (a) is not a broker or dealer in securities, and (b) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s).

**Item 3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

(a) Purpose

The Exchange proposes to amend the definition of Professional to modify the Exchange’s quarterly review of Professional orders. This filing is based on a proposal recently submitted by Nasdaq ISE, LLC (“ISE”).<sup>2</sup>

Today, orders for any Public Customer<sup>3</sup> that average more than 390 orders per day during any month of a calendar quarter must be represented as Professional orders for the next calendar quarter.<sup>4</sup> In order to properly represent orders entered on the Exchange, Trading Permit Holder Organizations (“TPH organizations”)<sup>5</sup> are required currently to review their Public Customers’ activity and, on at least a quarterly basis, designate orders as Public Customer orders or Professional orders.<sup>6</sup> Specifically, TPH organizations are required to conduct a quarterly review and make any appropriate changes to the way in which they are

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<sup>2</sup> See Securities Exchange Act Release No. 105218 (April 13, 2026), 91 FR 20542 (April 16, 2026) (SR ISE-2026-16) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Review of Professional Orders.)

<sup>3</sup> See Rule 1.1, which defines Public Customer as a person that is not a broker or dealer in securities.

<sup>4</sup> The requirement to review Public Customers’ activity on at least a quarterly basis to determine whether orders that are not for the account of a broker-dealer should be represented as Public Customer Orders or Professional Orders is not in the current rule text, however it was described in the adopting proposal. See Securities Exchange Act Release No. 78187 (June 28, 2016), 81 FR 43681 (July 5, 2016) (C2-2016-009) (Notice of Filing of Proposed Rule Change Relating to Professionals Order Counting) (“SR-C2-2016-009”). The current proposal seeks to codify the timing for review of Public Customers’ activity.

<sup>5</sup> See C2 By-Laws, which defines “Trading Permit Holder” as any individual, corporation, partnership, limited liability company or other entity authorized by the Rules that holds a Trading Permit. If a Trading Permit Holder is an individual, the Trading Permit Holder may also be referred to as an “individual Trading Permit Holder.” If a Trading Permit Holder is not an individual, the Trading Permit Holder may also be referred to as a “TPH organization.” A Trading Permit Holder is a “member” solely for purposes of the Act; however, one’s status as a Trading Permit Holder does not confer on that Person any ownership interest in the Exchange.

<sup>6</sup> See 81 FR 43681 at 43685

representing orders within five days after the end of each calendar quarter.<sup>7</sup> While TPH organizations are required to designate accounts on a quarterly basis, if during a quarter the Exchange identifies a customer for which orders are being represented as Public Customer orders but that has averaged more than 390 orders per day during a month, the Exchange must notify the TPH organization and the TPH organization is required to change the manner in which it is representing the customer's orders within five days.<sup>8</sup>

### **Proposal**

At this time, the Exchange proposes to shorten the quarterly review and designation to a monthly review. The Exchange proposes to amend the definition of Professional in Rule 1.1 to require that orders for any customer that had an average of more than 390 orders per day during any calendar month be represented as Professional orders for the next calendar month.

As noted, currently, each TPH organization is required to monitor Public Customer orders to determine if the Public Customer has averaged more than 390 orders per day during a month. Determining whether a Public Customer has executed more than 390 orders per day during a month requires computing a daily average. As such, TPH organizations should be performing the workflow necessary to designate orders on a daily basis. Therefore, the proposal does not amend the current workflow, rather, the proposal amends the timeframe to change the manner in which the customer's order is being represented from five days after the end of each calendar quarter to five days after the end of each calendar month.

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<sup>7</sup> See id.

<sup>8</sup> See id.

The Exchange does not believe that this amendment is a significant departure from the current rule, nor does it impose any burden on any TPH organization because each broker-dealer is required currently to perform the necessary calculation daily to arrive at the requisite average. Further, in addition to the calculation, broker-dealers are subject to know-your-customer and suitability requirements under FINRA Rules 2090 (Know Your Customer) and 2111 (Suitability) and would need to consider whether a customer meets the Professional designation for purposes of determining best execution and making appropriate recommendations. The Exchange notes that the trading behavior of a Public Customer can be distinguished from that of a Professional which is the purpose of the separate designations. Finally, some TPH organizations currently designate a Public Customer that has averaged more than 390 orders per day during a month as a Professional on a more expedited basis, not waiting until five days after the quarter.

The Exchange believes that a calendar month is a sufficient time period to determine whether the activity of a customer meets the criteria for a Professional order. The Exchange believes that the shortened time period will ensure that the spirit of the designation of Professional order is met in that TPH organizations will make any appropriate changes to the way in which they are representing orders in a 30-day timeframe as opposed to a 90-day timeframe, thereby ensuring the designation is applied in a more expeditious manner.

The Exchange continues to believe that identifying Professional Orders based upon the average number of orders entered in qualified accounts is an appropriate and objective approach to reasonably distinguish such persons and entities from retail investors or market participants.

(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.<sup>9</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>10</sup> 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)<sup>11</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange’s proposal to shorten the quarterly look-back to a monthly look-back is consistent with the Act because it will ensure that the spirit of the designation of Professional order continues to be met, only on a more expedited basis — removing a potential delay of two months before affecting a change in the designation. The Exchange believes that this amendment will remove impediments to and perfect the mechanism of a free and open market and a national market system by promoting the

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<sup>9</sup> 15 U.S.C. 78f(b).

<sup>10</sup> 15 U.S.C. 78f(b)(5).

<sup>11</sup> Id.

consistent application of its rules and shortening the timeframe to change the designation for all TPH organizations while continuing to provide a sufficient time period to determine whether the activity of a customer meets the criteria for a Professional order. Further, the Exchange believes that the shortened time period will continue to promote consistency in the treatment of orders as Professional orders while also preventing members with high volume from receiving benefits reserved for Public Customer orders.

As noted, currently, each TPH organization is required to monitor Public Customer orders to determine if the Public Customer has averaged more than 390 orders per day during a month. Determining whether a Public Customer has executed more than 390 orders per day during a month requires computing a daily average. As such, TPH Organizations should be performing the workflow necessary to designate orders on a daily basis. Therefore, the proposal does not amend the current workflow, rather, the proposal amends the timeframe to change the manner in which the customer's order is being represented from five days after the end of each calendar quarter to five days after the end of each calendar month.

The Exchange does not believe that this amendment is a significant departure from the current rule, nor does it impose any burden on any TPH organization because each broker-dealer is required currently to perform the necessary calculation daily to arrive at the requisite average. Further, in addition to the calculation, broker-dealers are subject to know-your customer and suitability requirements under FINRA Rules 2090 (Know Your Customer) and 2111 (Suitability) and would need to consider whether a customer meets the Professional designation for purposes of determining best execution and making appropriate recommendations. Finally, some TPH organizations currently designate a

Public Customer that has averaged more than 390 orders per day during a month as a Professional on a more expedited basis, not waiting until five days after the quarter.

The Exchange notes that the trading behavior of a Public Customer can be distinguished from that of a Professional which is the purpose of the separate designations. The Exchange continues to believe that identifying Professional orders based upon the average number of orders entered in qualified accounts is an appropriately objective approach to reasonably distinguish such persons and entities from retail investors or market participants. Priority is one of the marketplace advantages provided to Public Customer orders on the Exchange. Public Customer orders are given execution priority over non-Customer orders and quotations of market makers at the same price. Another marketplace advantage afforded to Public Customer orders on the Exchange is that members are generally not assessed transaction fees or are assessed lower fees for the execution of Public Customer orders. The purpose of these marketplace advantages is to attract retail order flow to the Exchange by leveling the playing field for retail investors over market Professionals. This proposal will continue to provide Public Customer accounts with marketplace advantages and distinguish those accounts non-Professional retail investors from the Professionals accounts. The Exchange notes that some non-broker-dealer individuals and entities have access to information and technology that enables them to Professionally trade listed options in the same manner as a broker or dealer in securities.

**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. Specifically, the Exchange does not believe that the proposed rule change will

impose any burden on intra-market competition because, today, each TPH organization is required to monitor Public Customer orders to determine if the Public Customer has averaged more than 390 orders per day during a month. Determining whether a Public Customer has executed more than 390 orders per day during a month requires computing a daily average. As such, TPH organizations should be performing the workflow necessary to designate orders on a daily basis. Therefore, the proposal does not amend the current workflow, rather, the proposal amends the timeframe to change the manner in which the customer's order is being represented from five days after the end of each calendar quarter to five days after the end of each calendar month.

The Exchange does not believe that this amendment is a significant departure from the current rule, nor does it impose any burden on any TPH organization because each broker-dealer is required currently to perform the necessary calculation daily to arrive at the requisite average. Further, in addition to the calculation, broker-dealers are subject to know-your-customer and suitability requirements under FINRA Rules 2090 (Know Your Customer) and 2111 (Suitability) and would need to consider whether a customer meets the Professional designation for purposes of determining best execution and making appropriate recommendations. Finally, some TPH organizations currently designate a Public Customer that has averaged more than 390 orders per day during a month as a Professional on a more expedited basis, not waiting until five days after the quarter.

The Exchange notes that the trading behavior of a Public Customer can be distinguished from that of a Professional which is the purpose of the separate designations.

Further, the designation of Professional orders would not result in any different treatment of such orders for purposes of compliance with the Exchange's Rules. Public

Customers have been granted certain priority over other non-broker-dealer individuals and entities that have access to information and technology that enables them to Professionally trade listed options in the same manner as a broker or dealer in securities. Further, the Public Customer designation allows the Exchange to attract order flow or create more competitive markets.

Also, the Exchange does not believe that the proposed rule change will impose any burden on inter-market competition because other exchanges are expected to adopt similar rules.

**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 Act<sup>12</sup> and Rule 19b-4(f)(6)<sup>13</sup> 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

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<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4(f)(6).

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 proposed rule change is substantially similar in all material respects to a proposal submitted by ISE.<sup>14</sup> The Exchange believes that this proposed rule change, which is essential for competitive purposes and to promote a free and open market for the benefit of investors, does not raise any new, unique or substantive issues from those raised in the ISE filing.

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 is consistent with the protection of investors and the public interest because it will ensure fair competition among the exchanges by allowing the Exchange to adopt new language to the rule to shorten the quarterly review and designation to a monthly

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<sup>14</sup> See supra note 2.

review for TPH organizations to determine whether the activity of a customer meets the criteria for a Professional order.

(c) Not applicable.

(d) Not applicable.

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

As discussed above, the Exchange believes that the proposed rule change is substantially similar in all material respects to a proposal submitted by ISE.<sup>15</sup>

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

Not applicable.

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

Not applicable.

**Item 11. Exhibits**

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

Exhibit 5. Proposed rule text if not included under Item 1(a).

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<sup>15</sup> Id.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-C2-2026-019]

[Insert date]

Self-Regulatory Organizations; Cboe C2 Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Definition of Professional to Require Monthly Reviews of Orders

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on [insert date], Cboe C2 Exchange, Inc. (the “Exchange” or “C2”) 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<sup>3</sup> and Rule 19b-4(f)(6) thereunder.<sup>4</sup> 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 C2 Exchange, Inc. (the “Exchange” or “C2”) proposes to amend the definition of Professional<sup>5</sup> to require monthly reviews of orders. The text of the proposed rule change is provided in Exhibit 5.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>4</sup> 17 CFR 240.19b-4(f)(6).

<sup>5</sup> See Rule 1.1, which defines Professional as any person or entity that (a) is not a broker or dealer in securities, and (b) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s).

The text of the proposed rule change is also available on the Commission’s website (<https://www.sec.gov/rules/sro.shtml>), the Exchange’s website ([https://www.cboe.com/us/options/regulation/rule\\_filings/ctwo/](https://www.cboe.com/us/options/regulation/rule_filings/ctwo/)), and at the principal office of the Exchange.

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

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

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

#### **1. Purpose**

The Exchange proposes to amend the definition of Professional to modify the Exchange’s quarterly review of Professional orders. This filing is based on a proposal recently submitted by Nasdaq ISE, LLC (“ISE”).<sup>6</sup>

Today, orders for any Public Customer<sup>7</sup> that average more than 390 orders per day during any month of a calendar quarter must be represented as Professional orders for the next calendar quarter.<sup>8</sup> In order to properly represent orders entered on the Exchange, Trading

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<sup>6</sup> See Securities Exchange Act Release No. 105218 (April 13, 2026), 91 FR 20542 (April 16, 2026) (SR ISE-2026-16) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Review of Professional Orders.)

<sup>7</sup> See Rule 1.1, which defines Public Customer as a person that is not a broker or dealer in securities.

<sup>8</sup> The requirement to review Public Customers’ activity on at least a quarterly basis to determine whether orders that are not for the account of a broker-dealer should be represented as Public Customer Orders or Professional Orders is not in the current rule text, however it was described in the adopting proposal. See Securities Exchange Act Release No. 78187 (June 28, 2016), 81 FR

Permit Holder Organizations (“TPH organizations”)<sup>9</sup> are required currently to review their Public Customers’ activity and, on at least a quarterly basis, designate orders as Public Customer orders or Professional orders.<sup>10</sup> Specifically, TPH organizations are required to conduct a quarterly review and make any appropriate changes to the way in which they are representing orders within five days after the end of each calendar quarter.<sup>11</sup> While TPH organizations are required to designate accounts on a quarterly basis, if during a quarter the Exchange identifies a customer for which orders are being represented as Public Customer orders but that has averaged more than 390 orders per day during a month, the Exchange must notify the TPH organization and the TPH organization is required to change the manner in which it is representing the customer’s orders within five days.<sup>12</sup>

### **Proposal**

At this time, the Exchange proposes to shorten the quarterly review and designation to a monthly review. The Exchange proposes to amend the definition of Professional in Rule 1.1 to require that orders for any customer that had an average of more than 390 orders per day during any calendar month be represented as Professional orders for the next calendar month.

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43681 (July 5, 2016) (C2-2016-009) (Notice of Filing of Proposed Rule Change Relating to Professionals Order Counting) (“SR-C2-2016-009”). The current proposal seeks to codify the timing for review of Public Customers’ activity.

<sup>9</sup> See C2 By-Laws, which defines “Trading Permit Holder” as any individual, corporation, partnership, limited liability company or other entity authorized by the Rules that holds a Trading Permit. If a Trading Permit Holder is an individual, the Trading Permit Holder may also be referred to as an “individual Trading Permit Holder.” If a Trading Permit Holder is not an individual, the Trading Permit Holder may also be referred to as a “TPH organization.” A Trading Permit Holder is a “member” solely for purposes of the Act; however, one’s status as a Trading Permit Holder does not confer on that Person any ownership interest in the Exchange.

<sup>10</sup> See 81 FR 43681 at 43685

<sup>11</sup> See id.

<sup>12</sup> See id.

As noted, currently, each TPH organization is required to monitor Public Customer orders to determine if the Public Customer has averaged more than 390 orders per day during a month. Determining whether a Public Customer has executed more than 390 orders per day during a month requires computing a daily average. As such, TPH organizations should be performing the workflow necessary to designate orders on a daily basis. Therefore, the proposal does not amend the current workflow, rather, the proposal amends the timeframe to change the manner in which the customer's order is being represented from five days after the end of each calendar quarter to five days after the end of each calendar month.

The Exchange does not believe that this amendment is a significant departure from the current rule, nor does it impose any burden on any TPH organization because each broker-dealer is required currently to perform the necessary calculation daily to arrive at the requisite average. Further, in addition to the calculation, broker-dealers are subject to know-your-customer and suitability requirements under FINRA Rules 2090 (Know Your Customer) and 2111 (Suitability) and would need to consider whether a customer meets the Professional designation for purposes of determining best execution and making appropriate recommendations. The Exchange notes that the trading behavior of a Public Customer can be distinguished from that of a Professional which is the purpose of the separate designations. Finally, some TPH organizations currently designate a Public Customer that has averaged more than 390 orders per day during a month as a Professional on a more expedited basis, not waiting until five days after the quarter.

The Exchange believes that a calendar month is a sufficient time period to determine whether the activity of a customer meets the criteria for a Professional order. The Exchange believes that the shortened time period will ensure that the spirit of the designation of

Professional order is met in that TPH organizations will make any appropriate changes to the way in which they are representing orders in a 30-day timeframe as opposed to a 90-day timeframe, thereby ensuring the designation is applied in a more expeditious manner.

The Exchange continues to believe that identifying Professional Orders based upon the average number of orders entered in qualified accounts is an appropriate and objective approach to reasonably distinguish such persons and entities from retail investors or market participants.

## 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.<sup>13</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>14</sup> 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)<sup>15</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

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<sup>13</sup> 15 U.S.C. 78f(b).

<sup>14</sup> 15 U.S.C. 78f(b)(5).

<sup>15</sup> Id.

In particular, the Exchange's proposal to shorten the quarterly look-back to a monthly look-back is consistent with the Act because it will ensure that the spirit of the designation of Professional order continues to be met, only on a more expedited basis — removing a potential delay of two months before affecting a change in the designation. The Exchange believes that this amendment will remove impediments to and perfect the mechanism of a free and open market and a national market system by promoting the consistent application of its rules and shortening the timeframe to change the designation for all TPH organizations while continuing to provide a sufficient time period to determine whether the activity of a customer meets the criteria for a Professional order. Further, the Exchange believes that the shortened time period will continue to promote consistency in the treatment of orders as Professional orders while also preventing members with high volume from receiving benefits reserved for Public Customer orders.

As noted, currently, each TPH organization is required to monitor Public Customer orders to determine if the Public Customer has averaged more than 390 orders per day during a month. Determining whether a Public Customer has executed more than 390 orders per day during a month requires computing a daily average. As such, TPH Organizations should be performing the workflow necessary to designate orders on a daily basis. Therefore, the proposal does not amend the current workflow, rather, the proposal amends the timeframe to change the manner in which the customer's order is being represented from five days after the end of each calendar quarter to five days after the end of each calendar month.

The Exchange does not believe that this amendment is a significant departure from the current rule, nor does it impose any burden on any TPH organization because each

broker-dealer is required currently to perform the necessary calculation daily to arrive at the requisite average. Further, in addition to the calculation, broker-dealers are subject to know-your customer and suitability requirements under FINRA Rules 2090 (Know Your Customer) and 2111 (Suitability) and would need to consider whether a customer meets the Professional designation for purposes of determining best execution and making appropriate recommendations. Finally, some TPH organizations currently designate a Public Customer that has averaged more than 390 orders per day during a month as a Professional on a more expedited basis, not waiting until five days after the quarter.

The Exchange notes that the trading behavior of a Public Customer can be distinguished from that of a Professional which is the purpose of the separate designations. The Exchange continues to believe that identifying Professional orders based upon the average number of orders entered in qualified accounts is an appropriately objective approach to reasonably distinguish such persons and entities from retail investors or market participants. Priority is one of the marketplace advantages provided to Public Customer orders on the Exchange. Public Customer orders are given execution priority over non-Customer orders and quotations of market makers at the same price. Another marketplace advantage afforded to Public Customer orders on the Exchange is that members are generally not assessed transaction fees or are assessed lower fees for the execution of Public Customer orders. The purpose of these marketplace advantages is to attract retail order flow to the Exchange by leveling the playing field for retail investors over market Professionals. This proposal will continue to provide Public Customer accounts with marketplace advantages and distinguish those accounts non-Professional retail investors from the Professionals accounts. The Exchange notes that some non-broker-dealer

individuals and entities have access to information and technology that enables them to Professionally trade listed options in the same manner as a broker or dealer in securities.

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. Specifically, the Exchange does not believe that the proposed rule change will impose any burden on intra-market competition because, today, each TPH organization is required to monitor Public Customer orders to determine if the Public Customer has averaged more than 390 orders per day during a month. Determining whether a Public Customer has executed more than 390 orders per day during a month requires computing a daily average. As such, TPH organizations should be performing the workflow necessary to designate orders on a daily basis. Therefore, the proposal does not amend the current workflow, rather, the proposal amends the timeframe to change the manner in which the customer's order is being represented from five days after the end of each calendar quarter to five days after the end of each calendar month.

The Exchange does not believe that this amendment is a significant departure from the current rule, nor does it impose any burden on any TPH organization because each broker-dealer is required currently to perform the necessary calculation daily to arrive at the requisite average. Further, in addition to the calculation, broker-dealers are subject to know-your-customer and suitability requirements under FINRA Rules 2090 (Know Your Customer) and 2111 (Suitability) and would need to consider whether a customer meets the Professional designation for purposes of determining best execution and making appropriate recommendations. Finally, some TPH organizations currently designate a

Public Customer that has averaged more than 390 orders per day during a month as a Professional on a more expedited basis, not waiting until five days after the quarter.

The Exchange notes that the trading behavior of a Public Customer can be distinguished from that of a Professional which is the purpose of the separate designations.

Further, the designation of Professional orders would not result in any different treatment of such orders for purposes of compliance with the Exchange's Rules. Public Customers have been granted certain priority over other non-broker-dealer individuals and entities that have access to information and technology that enables them to Professionally trade listed options in the same manner as a broker or dealer in securities. Further, the Public Customer designation allows the Exchange to attract order flow or create more competitive markets.

Also, the Exchange does not believe that the proposed rule change will impose any burden on inter-market competition because other exchanges are expected to adopt similar rules.

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 Act<sup>16</sup> and Rule 19b-4(f)(6)<sup>17</sup> 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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-C2-2026-019 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-C2-2026-019. This file number should be included on the subject line if email is used. To help the Commission process

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<sup>16</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>17</sup> 17 CFR 240.19b-4(f)(6).

and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-C2-2026-019 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>18</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

Secretary

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<sup>18</sup> 17 CFR 200.30-3(a)(12).

## EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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**Rules of Cboe C2 Exchange, Inc.**

\* \* \* \* \*

**Rule 1.1. Definitions**

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The term “Professional” means any person or entity that (a) is not a broker or dealer in securities, and (b) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). Orders for any customer that had an average of more than 390 orders per day during any calendar month must be represented as Professional orders for the next calendar month. TPH organizations will be required to conduct a monthly review and make any appropriate changes to the way in which they are representing orders within five days after the end of each calendar month. Interpretation and Policy .02 to this Rule 1.1 describes how certain orders should be counted for Professional order counting purposes. A Professional will be treated in the same manner as a broker or dealer in securities for purposes of Rules 5.31, 5.32, 5.33, and 6.5. All Professional orders must be marked with the Capacity code required by this Rule 1.1.

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