Required fields are shown with yellow backgrounds and asterisks.

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

File No. * SR 2026 - * 013
Amendment No. (req. for Amendments *)

Filing by Cboe 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 Exchange Rule 5.52 to adopt two-sided quote bid ask differentials.

Contact Information

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

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

Signature

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

Date 01/29/2026

By Laura G. Dickman (Name *)

VP, Associate General Counsel (Title *)

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: 2026.01.29 08:25:08 -06'00'

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 26-013 19b-4 - (f)(6) (Quote Widths) 1	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 26-013 Exhibit 1 (Quote Widths).docx	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 26-013 Exhibit 5 (Quote Widths) 1.14.2	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change
Partial Amendment Add / Remove / View	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

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

(a) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 ("Exchange Act" or the "Act"),[1] and Rule 19b-4 thereunder,[2] Cboe Exchange, Inc. ("Cboe" or the "Exchange") is filing with the Securities and Exchange Commission ("Commission" or "SEC") a proposed rule change to amend Exchange Rule 5.52 (Market-Maker Quotes) to adopt two-sided quote bid/ask differentials.

(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 January 20, 2026.

(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 Sarah Tadtman, (913) 815-7203, Cboe Exchange, Inc., 433 West Van Buren Street, Chicago, Illinois 60607.

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 Rule 5.52 to adopt two-sided quote bid/ask differentials, also referred to as spread parameters, which establish the maximum permissible width between a Market-Maker's bid and offer in a series in an appointed class.

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

2 17 CFR 240.19b-4.

The proposal is substantively identical to Miami International Securities Exchange, LLC ("MIAX") Rules 603(b)(4) and (5).

Background on Market-Maker Quoting Obligations

Exchange Rule 5.51 sets forth Market-Maker Obligations on the Exchange. Rule 5.51(a)(1) requires that, ordinarily, a Market-Maker must during the trading day maintain a continuous two-sided market in each of its appointed classes, pursuant to Rule 5.52(d). Rule 5.52(d) requires a Market-Maker to enter continuous electronic bids and offers (in accordance with the requirements in Rules 5.51 and 5.52). Given this, a Market-Maker is generally obligated to comply with all requirements provided in Exchange Rules 5.51 and 5.52.

Exchange Rule 5.52(c) provides for the requirements of two-sided quotes. Specifically, Rule 5.52(c) currently provides that a Market-Maker that enters a bid (offer) on the Exchange in a series in an appointed class must enter an offer (bid). Currently, Market-Makers on the Exchange are not subject to bid/ask differentials, meaning that the requirement for a two-sided market can be set with a quote that is very wide. The Exchange now proposes to adopt new provisions under Rule 5.52(c) to set forth the bid/ask differential requirements for such two-sided quotes.

Proposed Bid/Ask Differential Requirements

The Exchange proposes to add to Exchange Rule 5.52(c) that the bid/ask differential of a Market-Maker's electronic quotes may not exceed $5 regardless of the Market-Maker's bid. For purposes of measuring compliance with the bid/ask differential requirement, the Exchange will consider the aggregate of all quotes entered by a Market-Maker (i.e., at the Trading Permit Holder ("TPH") firm level) across all Executing Firm

IDs ("EFIDs") used by that Market-Maker in a particular option series or class. For example, if a Market-Maker TPH quotes using multiple EFIDs in the same series, with EFID A quoting $0 bid at $10 offer and EFID B quoting $5 bid at $15 offer, the Exchange would measure the bid/ask differential based on the firm's aggregate quote of $5 bid at $10 offer, resulting in a $5 width that satisfies the requirement.

Additionally, the Exchange clarifies that a bid of zero or no bid is a valid bid for purposes of the two-sided market requirement and the bid/ask differential calculation. Using the example above, EFID A's quote of a $10 offer (and no bid) would result in a $10 width, as no bid is equivalent to a bid of $0. However, when aggregated with EFID B's quote of $5 bid at $15 offer, the Market-Maker firm's aggregate quote would be $5 bid at $10 offer, satisfying the $5 differential requirement.

Proposed Exceptions

The Exchange also proposes to adopt certain exceptions to the bid/ask differential requirements under proposed Rules 5.52(c)(1) and (2).

Proposed Rule 5.52(c)(1) would provide that the Exchange may establish bid/ask differentials other than the foregoing for one or more series or classes of options. As proposed, the Exchange would have flexibility to establish bid/ask differential in excess of $5 where appropriate for a particular options series or class. The Exchange notes that MIAX has exercised similar discretion to establish wider bid/ask differentials tailored to specific market conditions.[3]

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[3] For example, MIAX has established bid/ask differentials for various options series or classes based on factors such as the price of the underlying security and market characteristics. See MIAX Options Exchange Regulatory Circular 2025-44 at MIAX_Options_RC_2025_44.pdf.

Proposed Rule 5.52(c)(2) would provide that the bid/ask differentials shall not apply to in-the-money series where the national best bid and offer ("NBBO") for the underlying security is wider than the differentials set forth above. For such series, the bid/ask differentials may be as wide as the spread between the NBBO in the underlying security.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.[4] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[5] 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)[6] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that establishing bid/ask differential requirements for Market-Maker quotes promotes just and equitable principles of trade and removes

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

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

6 Id.

impediments to and perfects the mechanism of a free and open market and a national market system. The Exchange believes the proposed bid/ask differentials will enhance the quality of markets on the Exchange by requiring that Market-Makers maintain reasonably tight markets when fulfilling their continuous quoting obligations. Currently, Market-Makers may satisfy their two-sided quoting obligations with quotes that are excessively wide, which may not provide meaningful liquidity to market participants. By establishing a general maximum permissible width of $5 between a Market-Maker's bid and offer, the Exchange believes the proposal will cause Market-Makers to submit quotes that are more likely to facilitate price discovery and execution opportunities for investors.

The Exchange believes the proposed $5 bid/ask differential as the general maximum is reasonable and appropriate. The differential is sufficiently wide to accommodate normal market conditions and volatility while preventing Market-Makers from entering quotes that are so wide as to provide no meaningful liquidity. The Exchange notes that the proposal is substantively identical to MIAX Rules 603(b)(4) and (5).

The Exchange believes that measuring compliance with the bid/ask differential requirement at the TPH firm level (i.e.,aggregating quotes across all EFIDs used by a Market-Maker in a particular series) is consistent with the protection of investors and the public interest. This approach recognizes the operational reality that Market-Maker firms often utilize multiple EFIDs for legitimate business purposes, such as managing different trading strategies or order flow types. The Exchange believes measuring compliance with the bid/ask differential requirement at the firm level more accurately reflects the Market-Maker's overall market in a series, rather than evaluating each EFID in isolation. This aggregation approach appropriately assesses whether the Market-Maker is providing a meaningful two-sided market to investors, as the firm's combined quotes across all EFIDs represent the actual liquidity available from that Market-Maker. This approach is also consistent with how the Exchange measures compliance with other Market-Maker obligations, which are assessed at the firm level rather than by individual EFID.

The Exchange believes that clarifying that a bid of zero or no bid satisfies the two-sided quotation requirement promotes regulatory clarity and removes impediments to and perfects the mechanism of a free and open market. The Exchange believes this clarification will provide Market-Makers with additional understanding of their obligations and thus their ability to comply with the rule in a straightforward manner without being penalized for quoting markets that accurately reflect economic reality. By permitting zero or no bids to be considered a bid for purposes of determining compliance with quoting obligations, the Exchange believes the proposed rule change imposes a meaningful bid/ask differential requirement (measured in the aggregate across all EFIDs used by a Market-Maker in a series), that requires Market-Makers provide two-sided markets while providing Market-Makers with flexibility to quote in a manner that reflects then-current market conditions, thereby facilitating fair and efficient price discovery.

The Exchange believes that proposed Rule 5.52(c)(1), which provides the Exchange with the ability to establish bid/ask differentials other than $5 for one or more series or classes of options, is reasonable and promotes just and equitable principles of trade. This flexibility allows the Exchange to tailor bid/ask differential requirements to the specific characteristics of particular options series or classes, such as volatility levels, liquidity profiles, underlying security characteristics, or other relevant factors. For example, certain options classes may warrant narrower bid/ask differentials to enhance market quality, while wider differentials may be appropriate in others to account for unique risk or liquidity characteristics. This discretion enables the Exchange to respond to evolving market conditions and impose bid/ask differential requirements that are appropriate for different product types. The Exchange notes it will announce differentials, including any changes, to TPHs pursuant to Rule 1.5, providing transparency and notice of the applicable requirements. This approach is substantively identical to the flexibility provided to MIAX under MIAX Rules 603(b)(4) and (5).

The Exchange believes the exception under proposed Rule 5.52(c)(2) for in-the-money series where the underlying security market is wider than the applicable bid/ask differential is appropriate because it recognizes that options pricing is inherently tied to the pricing of the underlying security. When the NBBO in the underlying security is wider than the bid/ask differential required for the option, it would be unreasonable to require Market-Makers to maintain tighter markets in the option than exist in the underlying security itself. The Exchange believes this proposed exception is reasonable and appropriate to avoid not placing Market-Makers in the untenable position of being required to quote options more tightly than the securities on which those options are based, which could expose Market-Makers to undue risk and potentially discourage participation in market making. By allowing the bid/ask differential to be as wide as the NBBO in the underlying security for such series, the proposal appropriately balances the goal of maintaining tight markets with the practical realities of options pricing.

The Exchange notes that the proposed exceptions are substantively identical to those in MIAX Rules 603(b)(4) and (5), further demonstrating that the proposal is consistent with the Act.

For the foregoing reasons, the Exchange believes the proposal is consistent with the Act.

Item 4. <u>Self-Regulatory Organization's Statement on Burden on Competition</u>

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 Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed bid/ask differential requirements will apply uniformly to all Market-Makers on the Exchange. All Market-Makers will be subject to the same bid/ask differential requirements in all classes.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, as the proposal is substantively identical to MIAX Rules 603(b)(4) and (5). By adopting bid/ask differential requirements consistent with those of another options exchange, Market-Makers on the Exchange will be subject to the same bid/ask differential requirements as market-makers on another market.

For the foregoing reasons, the Exchange does not believe the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange neither solicited nor received written 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[7] and Rule 19b-4(f)(6)[8] 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 that the proposed rule change does not significantly affect the protection of investors or the public interest because it adopts bid/ask differential requirements that will enhance market quality requiring Market-Makers provide reasonably tight markets when fulfilling their continuous quoting obligations. The Exchange believes the proposed $5 general maximum bid/ask differential is sufficiently wide to accommodate normal market conditions and volatility while preventing Market-

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7 15 U.S.C. 78s(b)(3)(A).

8 17 CFR 240.19b-4(f)(6).

Makers from entering quotes that are so wide as to provide no meaningful liquidity. The proposed exception for in-the-money series where the underlying security market is wider than the applicable differential are appropriate and consistent with the practical realities of options pricing and market making. The exception requires that Market-Maker obligations remain reasonable and do not expose Market-Makers to undue risk that could discourage market making participation. The proposal provides the Exchange with flexibility to establish alternative bid/ask differentials for particular series or classes, allowing the Exchange to tailor requirements to specific market conditions while providing transparency and notice to TPHs.

The Exchange believes that the proposed rule change does not impose any significant burden on competition because the bid/ask differential requirements will apply uniformly to all Market-Makers in all classes on the Exchange. Additionally, the proposal is substantively identical to MIAX Rules 603(b)(4) and (5), and thus Market-Makers on the Exchange will be subject to the same bid/ask differential requirements as market-makers on another market.

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 allow the Exchange to enhance market quality without delay by imposing bid/ask differential requirements on Market-Makers. Because the proposal is substantively identical to MIAX Rules 603(b)(4) and (5), it raises no novel regulatory issues. The Exchange believes waiver of the operative delay will benefit investors, as the Exchange believes sooner implementation of bid/ask differentials will result in tighter markets, which enhances liquidity and ultimately benefits investors. For these reasons, the Exchange believes that waiver of the operative delay is consistent with the protection of investors and the public interest.

(c) Not applicable.

(d) Not applicable.

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

The Exchange's proposal is substantively identical to MIAX Rules 603(b)(4) and (5) with respect to bid/ask differential requirements for Market-Maker two-sided quotes.

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.

Exhibits 2-4. Not applicable.

Exhibit 5. Proposed rule text.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-CBOE-2026-013]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to amend Exchange Rule 5.52 (Market-Maker Quotes) to adopt two-sided quote bid/ask differentials

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on [insert date], Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the 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 Exchange, Inc. ("Cboe" or the "Exchange") is filing with the Securities and Exchange Commission ("Commission" or "SEC") a proposed rule change to amend Exchange Rule 5.52 (Market-Maker Quotes) to adopt two-sided quote bid/ask differentials.

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

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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).

(https://www.cboe.com/us/options/regulation/rule_filings/bzx/), 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 Rule 5.52 to adopt two-sided quote bid/ask differentials, also referred to as spread parameters, which establish the maximum permissible width between a Market-Maker's bid and offer in a series in an appointed class. The proposal is substantively identical to Miami International Securities Exchange, LLC ("MIAX") Rules 603(b)(4) and (5).

Background on Market-Maker Quoting Obligations

Exchange Rule 5.51 sets forth Market-Maker Obligations on the Exchange. Rule 5.51(a)(1) requires that, ordinarily, a Market-Maker must during the trading day maintain a continuous two-sided market in each of its appointed classes, pursuant to Rule 5.52(d). Rule 5.52(d) requires a Market-Maker to enter continuous electronic bids and offers (in accordance with the requirements in Rules 5.51 and 5.52). Given this, a Market-Maker is generally obligated to comply with all requirements provided in Exchange Rules 5.51 and 5.52.

Exchange Rule 5.52(c) provides for the requirements of two-sided quotes. Specifically, Rule 5.52(c) currently provides that a Market-Maker that enters a bid (offer) on the Exchange in a series in an appointed class must enter an offer (bid). Currently, Market-Makers on the Exchange are not subject to bid/ask differentials, meaning that the requirement for a two-sided market can be set with a quote that is very wide. The Exchange now proposes to adopt new provisions under Rule 5.52(c) to set forth the bid/ask differential requirements for such two-sided quotes.

Proposed Bid/Ask Differential Requirements

The Exchange proposes to add to Exchange Rule 5.52(c) that the bid/ask differential of a Market-Maker's electronic quotes may not exceed $5 regardless of the Market-Maker's bid. For purposes of measuring compliance with the bid/ask differential requirement, the Exchange will consider the aggregate of all quotes entered by a Market-Maker (i.e., at the Trading Permit Holder ("TPH") firm level) across all Executing Firm IDs ("EFIDs") used by that Market-Maker in a particular option series or class. For example, if a Market-Maker TPH quotes using multiple EFIDs in the same series, with EFID A quoting $0 bid at $10 offer and EFID B quoting $5 bid at $15 offer, the Exchange would measure the bid/ask differential based on the firm's aggregate quote of $5 bid at $10 offer, resulting in a $5 width that satisfies the requirement.

Additionally, the Exchange clarifies that a bid of zero or no bid is a valid bid for purposes of the two-sided market requirement and the bid/ask differential calculation. Using the example above, EFID A's quote of a $10 offer (and no bid) would result in a $10 width, as no bid is equivalent to a bid of $0. However, when aggregated with EFID B's quote of $5 bid at $15 offer, the Market-Maker firm's aggregate quote would be $5 bid at $10 offer, satisfying the $5 differential requirement.

Proposed Exceptions

The Exchange also proposes to adopt certain exceptions to the bid/ask differential requirements under proposed Rules 5.52(c)(1) and (2).

Proposed Rule 5.52(c)(1) would provide that the Exchange may establish bid/ask differentials other than the foregoing for one or more series or classes of options. As proposed, the Exchange would have flexibility to establish bid/ask differential in excess of $5 where appropriate for a particular options series or class. The Exchange notes that MIAX has exercised similar discretion to establish wider bid/ask differentials tailored to specific market conditions.[5]

Proposed Rule 5.52(c)(2) would provide that the bid/ask differentials shall not apply to in-the-money series where the national best bid and offer ("NBBO") for the underlying security is wider than the differentials set forth above. For such series, the bid/ask differentials may be as wide as the spread between the NBBO in the underlying security.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.[6] Specifically, the Exchange believes the proposed

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5 For example, MIAX has established bid/ask differentials for various options series or classes based on factors such as the price of the underlying security and market characteristics. See MIAX Options Exchange Regulatory Circular 2025-44 at MIAX_Options_RC_2025_44.pdf.

6 15 U.S.C. 78f(b).

rule change is consistent with the Section 6(b)(5)[7] requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[8] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that establishing bid/ask differential requirements for Market-Maker quotes promotes just and equitable principles of trade and removes impediments to and perfects the mechanism of a free and open market and a national market system. The Exchange believes the proposed bid/ask differentials will enhance the quality of markets on the Exchange by requiring that Market-Makers maintain reasonably tight markets when fulfilling their continuous quoting obligations. Currently, Market-Makers may satisfy their two-sided quoting obligations with quotes that are excessively wide, which may not provide meaningful liquidity to market participants. By establishing a general maximum permissible width of $5 between a Market-Maker's bid and offer, the Exchange believes the proposal will cause Market-Makers to submit quotes that are more likely to facilitate price discovery and execution opportunities for investors.

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[7] 15 U.S.C. 78f(b)(5).

[8] Id.

The Exchange believes the proposed $5 bid/ask differential as the general maximum is reasonable and appropriate. The differential is sufficiently wide to accommodate normal market conditions and volatility while preventing Market-Makers from entering quotes that are so wide as to provide no meaningful liquidity. The Exchange notes that the proposal is substantively identical to MIAX Rules 603(b)(4) and (5).

The Exchange believes that measuring compliance with the bid/ask differential requirement at the TPH firm level (i.e.,aggregating quotes across all EFIDs used by a Market-Maker in a particular series) is consistent with the protection of investors and the public interest. This approach recognizes the operational reality that Market-Maker firms often utilize multiple EFIDs for legitimate business purposes, such as managing different trading strategies or order flow types. The Exchange believes measuring compliance with the bid/ask differential requirement at the firm level more accurately reflects the Market-Maker's overall market in a series, rather than evaluating each EFID in isolation. This aggregation approach appropriately assesses whether the Market-Maker is providing a meaningful two-sided market to investors, as the firm's combined quotes across all EFIDs represent the actual liquidity available from that Market-Maker. This approach is also consistent with how the Exchange measures compliance with other Market-Maker obligations, which are assessed at the firm level rather than by individual EFID.

The Exchange believes that clarifying that a bid of zero or no bid satisfies the two-sided quotation requirement promotes regulatory clarity and removes impediments to and perfects the mechanism of a free and open market. The Exchange believes this clarification will provide Market-Makers with additional understanding of their obligations and thus their ability to comply with the rule in a straightforward manner without being penalized for quoting markets that accurately reflect economic reality. By permitting zero or no bids to be considered a bid for purposes of determining compliance with quoting obligations, the Exchange believes the proposed rule change imposes a meaningful bid/ask differential requirement (measured in the aggregate across all EFIDs used by a Market-Maker in a series), that requires Market-Makers provide two-sided markets while providing Market-Makers with flexibility to quote in a manner that reflects then-current market conditions, thereby facilitating fair and efficient price discovery.

The Exchange believes that proposed Rule 5.52(c)(1), which provides the Exchange with the ability to establish bid/ask differentials other than $5 for one or more series or classes of options, is reasonable and promotes just and equitable principles of trade. This flexibility allows the Exchange to tailor bid/ask differential requirements to the specific characteristics of particular options series or classes, such as volatility levels, liquidity profiles, underlying security characteristics, or other relevant factors. For example, certain options classes may warrant narrower bid/ask differentials to enhance market quality, while wider differentials may be appropriate in others to account for unique risk or liquidity characteristics. This discretion enables the Exchange to respond to evolving market conditions and impose bid/ask differential requirements that are appropriate for different product types. The Exchange notes it will announce differentials, including any changes, to TPHs pursuant to Rule 1.5, providing transparency and notice of the applicable requirements. This approach is substantively identical to the flexibility provided to MIAX under MIAX Rules 603(b)(4) and (5).

The Exchange believes the exception under proposed Rule 5.52(c)(2) for in-the-money series where the underlying security market is wider than the applicable bid/ask differential is appropriate because it recognizes that options pricing is inherently tied to the pricing of the underlying security. When the NBBO in the underlying security is wider than the bid/ask differential required for the option, it would be unreasonable to require Market-Makers to maintain tighter markets in the option than exist in the underlying security itself. The Exchange believes this proposed exception is reasonable and appropriate to avoid not placing Market-Makers in the untenable position of being required to quote options more tightly than the securities on which those options are based, which could expose Market-Makers to undue risk and potentially discourage participation in market making. By allowing the bid/ask differential to be as wide as the NBBO in the underlying security for such series, the proposal appropriately balances the goal of maintaining tight markets with the practical realities of options pricing.

The Exchange notes that the proposed exceptions are substantively identical to those in MIAX Rules 603(b)(4) and (5), further demonstrating that the proposal is consistent with the Act.

For the foregoing reasons, the Exchange believes the proposal is consistent with the Act.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed bid/ask differential requirements will apply uniformly to all Market-Makers on the Exchange. All Market-Makers will be subject to the same bid/ask differential requirements in all classes.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, as the proposal is substantively identical to MIAX Rules 603(b)(4) and (5). By adopting bid/ask differential requirements consistent with those of another options exchange, Market-Makers on the Exchange will be subject to the same bid/ask differential requirements as market-makers on another market.

For the foregoing reasons, the Exchange does not believe the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange neither solicited nor received written 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[9] and Rule 19b-4(f)(6)[10] thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily

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9 15 U.S.C. 78s(b)(3)(A).

10 17 CFR 240.19b-4(f)(6).

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. Please include file number SR-CBOE-2026-013 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-CBOE-2026-013. This file number should be included on the subject line if email 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 (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-CBOE-2026-013 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.[11]

Sherry R. Haywood,

Assistant Secretary.

Secretary

[11] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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Rules of Cboe Exchange, Inc.

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Rule 5.52. Market-Maker Quotes

(a)-(b) No change.

(c) *Two-Sided Quotes.* A Market-Maker that enters a bid (offer) on the Exchange in a series in an appointed class must enter an offer (bid). The bid/ask differential of a Market-Maker's electronic quotes may not exceed $5 regardless of the Market-Maker's bid.

(1) The Exchange may establish bid/ask differentials other than the foregoing for one or more series or classes of options.

(2) The bid/ask differentials do not apply to in-the-money series where the NBBO for the underlying security is wider than the differentials set forth above. For such series, the bid/ask differentials may be as wide as the NBBO in the underlying security.

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