

Required fields are shown with yellow backgrounds and asterisks.

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

File No. * SR 2026 - * 023

Amendment No. (req. for Amendments *)

Filing by Cboe BZX 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 checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
<input type="checkbox"/> 19b-4(f)(3)	<input 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 its Average Daily Quote and Average Daily Order fees to be effective April 1, 2026.

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 * Allyson Last Name * Van Marter

Title * Counsel

E-mail * avanmarter@cboe.com

Telephone * (312) 786-7098 Fax

Signature

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

Date 04/01/2026

(Title *)

By Matthew Iwamaye

(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.

Matthew Iwamaye Date: 2026.04.01 09:43:51 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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26-023 (ADO and ADQ) 19b4 Clean D

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 *

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26-023 (ADO and ADQ) Exhibit 1.doc

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

26-023 (ADO and ADQ) Exhibit 5 Clea

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 BZX Exchange, Inc. (the “Exchange” or “BZX”) proposes to amend its Average Daily Quote and Average Daily Order fees to be effective April 1, 2026. 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 March 21, 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 Matthew Iwamaye, (732) 687-9355, Cboe BZX 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

Effective April 1, 2026, the Exchange proposes to amend its fee schedule to amend its Average Daily Quote and Average Daily Order fees.

Average Daily Quotes and Average Daily Order Fees

The Exchange proposes to revise its Average Daily Order (“ADO”) and Average Daily Quote (“ADQ”) fees. “ADO” represents the total number of orders for the month, divided by the number of trading days. “ADQ” represents the total number of quotes for

the month, divided by the number of trading days.¹ When measuring a Member's ADO, orders and cancel/replace modify orders which submit a bid or offer and do not include cancels, are included. To measure a Member's ADQ, quotes and quote updates which submit a bid or offer and do not include cancels, are included. Further, ADO will include orders submitted by a Member from all logical port types (i.e., non-unitized logical ports and Unitized Logical Ports).²

September 2024 – Proposed ADO Tiers & Fees

By way of background, the Exchange initially proposed its ADQ and ADO Tiers and additional fees on September 13, 2024.³ Specifically, the Exchange's current tiers allow a Member to submit up to 2,000,000 average daily orders or up to 250,000,000 average daily quotes per calendar month without incurring any ADO or ADQ fees, respectively. In the event that the average number of quotes per trading day during a calendar month submitted exceeded 250,000,000, each incremental usage of up to 20,000 average daily quotes would incur an additional fee as set forth in the table below. Similarly, in the event that the average number of orders per trading day during a calendar month submitted exceeds 2,000,000, each incremental usage of up to 1,000 average daily orders would incur an additional ADO fee as set forth in the table below. A

¹ The term "quote" refers to bids and offers submitted in bulk messages. A bulk message means a single electronic message a user submits with an M (Market-Maker) capacity to the Exchange in which the User may enter, modify, or cancel up to an Exchange-specified number of bids and offers. A User may submit a bulk message through a bulk port as set forth in Exchange Rule 21.1(1)(3). See Rule 16.1 (definition of bulk message).

² Only quotes may be placed via Unitized Bulk Ports, as such, only Unitized Ports are used to determine a Member's ADQ.

³ The Exchange initially submitted the proposed rule change on August 30, 2024, which was immediately effective upon filing on September 3, 2024 (SR-CboeBZX-2024-082). Subsequently, on September 13, 2024, the Exchange withdrew that filing and submitted SR-Cboe-BZX-2024-088.

Member's ADO and ADQ would be aggregated together with any affiliated Member sharing at least 75% common ownership.

ADQ Fee Rate per 20,000 ADQ	Fee				
	Tier 1 <= 250,000,000	Tier 2 > 250,000,000	Tier 3 >500,000,000	Tier 4 >1,000,000,000	Tier 5 >3,500,000,000
	\$0.00	\$0.05	\$0.075	\$0.10	\$0.20
ADO Fee Rate per 1,000 ADO	Tier 1 <= 2,000,000	Tier 2 > 2,000,000	Tier 3 >2,500,000	Tier 4 >3,000,000	Tier 5 >3,500,000
	\$0.00	\$1.00	\$1.50	\$2.00	\$2.50

Notably, in its initial filing the Exchange noted that while it had no way of predicting with certainty how the proposed ADQ and ADO changes would impact Member activity, it believed that based on trading activity from the months preceding its September 13, 2024 filing that, absent any changes to Member behavior, all Members would fall within proposed ADO Tier 1 (and thus not be subject to any new fees) and that approximately 74% of Market Makers would fall within proposed ADQ Tier 1 (and thus also not be subject to any new fees). With regards to the remaining Market Makers (approximately 26%), the Exchange estimated that based on their current activity, and absent any changes to their behavior, that such Market Makers would fall into the following ADQ Tiers: approximately 3 Market Makers in Tier 2; approximately 6 Market Makers in Tier 3; approximately 3 Market Makers in Tier 4; and no Market Makers in Tier 5.

The Exchange notes that a Member's ADO and ADQ rates will naturally vary based on options trading volume on the Exchange, and given the record options trading volume through 2025, the Exchange recently undertook to analyze actual ADO and ADQ

rates for 2025.⁴ In doing so, the Exchange observed that the actual ADQ rates for its Market Makers differed from the estimates utilized by the Exchange to establish its initial ADQ Tiers and their additional fees. Specifically, the Exchange’s data showed that the Exchange’s market makers fell into the following tiers:⁵

<u>Month</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	<u>Tier 4</u>	<u>Tier 5</u>
<u>January 2025</u>	<u>10</u>	<u>3</u>	<u>3</u>	<u>2</u>	<u>1</u>
<u>February 2025</u>	<u>10</u>	<u>3</u>	<u>3</u>	<u>2</u>	<u>1</u>
<u>March 2025</u>	<u>9</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>1</u>
<u>April 2025</u>	<u>8</u>	<u>2</u>	<u>4</u>	<u>2</u>	<u>2</u>
<u>May 2025</u>	<u>9</u>	<u>3</u>	<u>3</u>	<u>2</u>	<u>1</u>
<u>June 2025</u>	<u>9</u>	<u>2</u>	<u>4</u>	<u>2</u>	<u>1</u>
<u>July 2025</u>	<u>9</u>	<u>4</u>	<u>2</u>	<u>2</u>	<u>1</u>
<u>August 2025</u>	<u>9</u>	<u>4</u>	<u>2</u>	<u>2</u>	<u>0</u>

⁴ Importantly, the Exchange notes that it will, from time to time, review actual ADQ and ADO rates, and that based on a review of such data, may choose to adjust its ADO and ADQ Tiers and fees accordingly. While the Exchange is now proposing to double the upper bound of proposed ADQ Tier 1 and increase the upper bounds of Tiers 2-4 such that a greater level of quoting activity is permitted before Market Makers are subject to increased fees as their quoting activity places them in progressively higher Tiers, a review of future data could in fact justify the Exchange proposing to narrow its ADQ Tiers (or ADO Tiers) in order to achieve its purpose of encouraging efficient quoting behavior so that market participants do not exhaust System resources.

⁵ While allocation of Market Makers differed from that initially estimated by the Exchange in its initial filing, the Exchange notes that average daily volume (“ADV”) in August 2025 across Cboe’s four U.S. options exchange was at an all-time high of 19.2 million contracts, comprised of: record multi-listed options ADV of 14.3 million contracts, which surpassed the ADV record of 13.6 million contracts set in February 2025; and S&P 500 Index (SPX) options ADV of 3.8 million contracts, the second-best month of all time, with zero-days-to-expiry (0DTE) trading representing a record ADV of 2.4 million contracts. In this regard, the Exchange notes that its September 2024 estimates were skewed in large part to unforeseeable record-setting ADV volume in options contract trading. See “Cboe Global Markets Reports Trading Volume for August 2025,” available at: <https://ir.cboe.com/news/news-details/2025/Cboe-Global-Markets-Reports-Trading-Volume-for-August-2025/default.aspx#:~:text=Record%20multi%2Dlisted%20options%20ADV,ADV%20of%202.4%20million%20contracts>

<u>September 2025</u>	<u>11</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>1</u>
<u>October 2025</u>	<u>11</u>	<u>2</u>	<u>2</u>	<u>4</u>	<u>0</u>
<u>November 2025</u>	<u>12</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>0</u>
<u>December 2025</u>	<u>13</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>0</u>

April 2026 – Proposed ADQ Tiers and Fees

Given the actual ADQ rates, the Exchange now proposes that, effective April 1, 2026, a Market Maker may submit up to 500,000,000 average daily quotes per calendar month without incurring any ADQ additional fees. In the event that the average number of quotes per trading day during a calendar month exceeds 500,000,000, each incremental usage of up to 20,000 average daily quotes will incur an additional fee as set forth in the table below. Moreover, as initially proposed, a Market Maker's ADQ will still be aggregated together with any affiliated Market Maker sharing at least 75% common ownership.

The proposed ADQ tiers and additional fees are set forth in the table, below. The Exchange proposes that the proposed ADQ Tiers and fees will be effective beginning April 1, 2026. The Exchange believes the proposed ADQ fees are reasonable as Members that do not exceed the high threshold of 500,000,000 ADQ will not be charged any fee under the proposed tiers. Moreover, the Exchange believes it is reasonable, equitable and not unfairly discriminatory to assess higher fees when a Member has higher ADO and ADQ rates because these Members utilize a greater proportion of the Exchange's Trading System resources, and as such, the Exchange believes that Members

who choose to enter orders or quote at the very high ADQ rates established by the Exchange should reasonably expect to be charged more.

ADQ Fee Rate per 20,000 ADQ	Fee				
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
	<=	>=	>=	>=	>=
	500,000,000	500,000,001	1,000,000,001	1,500,000,001	3,000,000,001
	\$0.00	\$0.05	\$0.075	\$0.125	\$0.20

As an example, a Market Maker that has 1,000,040,000 ADQ would subsequently have 50,002 “ADQ increments” (1,000,040,000 ADQ / 20,000 ADQ increments). While 25,000 of the 50,002 ADQ increments are free within Tier 1, 25,000 of the ADQ increments would be fee liable at \$0.050 within Tier 2, and 2 of the ADQ increments would be fee liable at \$0.075 within Tier 3, resulting in a total ADQ fee of \$1,250.15 (Tier 2 total of \$1,250 + Tier 3 total of \$0.15) for that month.⁶

The Exchange notes that in the event a firm has an odd lot increment, that they will not be charged a prorated portion of that increment. For example, if a firm has 1,000,010,000 ADQ, they would be charged based on 50,000 (1,000,000,000/20,000) increments as the remainder of 10,000 does not hit the 20,000 ADQ increment.⁷

ADO Rates

With regards to ADO, the Exchange is not proposing to change the ADO tiers and additional tiers from those initially proposed. The Exchange does not propose to amend the ADO tiers as it believes they are properly calibrated to current market activity. When the ADO Tiers were first contemplated, the Exchange noted that based on the prior

⁶ The Exchange proposes to include this example in the Fees Schedule to provide further clarity as to the application of the proposed fees.

⁷ The Exchange proposes to include this example in the Fees Schedule to provide further clarity as to the application of the proposed fees.

month's activities, that all firms would fall into the proposed Tier 1, and thus, would not be fee liable. As this has remained largely consistent with what the Exchange sees now (unlike the ADQ levels which have varied from initial projections), the Exchange finds it appropriate to leave the ADO Tiers as they stand at this time. Specifically, a Market Maker may still submit up to 2,000,000 average daily orders per calendar month without incurring any ADO fees. In the event that the average number of orders per trading day during a calendar month exceeds, 2,000,000, each incremental usage of up to 1,000 average daily orders will incur an additional ADO fee as set forth in the table below. Moreover, as initially proposed, a Member's ADO will still be aggregated together with any affiliated Member sharing at least 75% common ownership.

ADO Fee Rate per 1,000 ADO	Tier 1 <= 2,000,000	Tier 2 >= 2,000,001	Tier 3 >= 2,500,001	Tier 4 >= 3,000,001	Tier 5 >= 3,500,001
	\$0.00	\$1.00	\$1.50	\$2.00	\$2.50

The Exchange notes that market participants with incrementally higher ADO or ADQ are likely to require more of the Exchange's Trading System resources, bandwidth, and capacity. In this regard, the Exchange believes it appropriate to charge additional fees to Members that utilize more of the Exchange's Trading System's resources, particularly when their ADO or ADQ rates reach levels as high as 3.5 million orders or 3 billion quotations. This is demonstrated by the fact that, as noted previously, almost all firms fall into the lower Tier 1 for ADO and, the majority of firms fall into Tier 1 for ADQ. Using the new thresholds and firm messaging rates in December, only 10% of Market Makers fell into Tier 4 and no Market Makers fell into Tier 5. Moreover, at elevated order entry and quoting rates, it is feasible that at some point, such Member

activity could create System latency and potentially impact other Members' ability to receive timelier executions. While the Exchange and its Members have yet to experience Exchange Trading System latency due to high order and quotation rates, the Exchange believes its proposed ADQ and ADO rates are designed to strike an appropriate balance between permitting high rates of order and quoting activity at levels that do not incur a fee, and assessing fees for order and quoting activity at levels that get so high that they could begin to impact System capacity. Indeed, the proposed fee structure has multiple thresholds, and the proposed fees are incrementally greater at higher ADO and ADQ rates, and the Exchange believes this framework accurately and fairly reflects such rationale.

The Exchange also represents that the proposed fees are not intended to raise profits. While the Exchange's proposal assesses additional fees to Members that utilize a greater share of the Exchange's Trading System resources, the Exchange notes that a Member would have to exceed the high ADO rate of 2,000,000 and a Market Maker would have to exceed the high ADQ rate of 500,000,000 before that market participant would be charged a fee under the proposed respective tiers. Moreover, the Exchange's proposal will double the upper bound of ADQ Tier 1, and increase the upper bounds of Tiers 2-4, thereby enabling Market Makers to quote at increased levels before they are placed in progressively higher Tiers. The Exchange also notes that it provides Members with daily reports, free of charge, which details their order and trade activity in order for those firms to be fully aware of all order and trade activity they (and their affiliates) are sending to the Exchange. This will allow Members to monitor their behavior and determine whether it is approaching any of the ADO or ADQ thresholds that trigger the

proposed fees. Lastly, the Exchange notes that other exchanges have adopted various fee programs that assess incrementally higher fees to Members that have incrementally higher order and/or quoting trading activity for similar reasons.⁸

(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.⁹ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁰ 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)¹¹ requirement that the rules of an exchange not be designed to permit

⁸ See, e.g., Securities Exchange Act Release No. 60102 (June 11, 2009), 74 FR 29251 (June 19, 2009) (SR-NYSEArca-2009-50) (adopting fees applicable to Members based on the number of orders entered compared to the number of executions received in a calendar month). It appears that Nasdaq similarly assesses a penalty charge to its members that exceed certain “weighted order-to-trade ratios”. See *Price List—Trading Connectivity*, NASDAQ, available at <https://www.nasdaqtrader.com/trader.aspx?id=pricelisttrading2>. See also Securities Exchange Act Release No. 91406 (March 25, 2021), 86 FR 16795 (March 31, 2023) (SR-EMERALD-2021-10) (adopting an “Excessive Quoting Fee” to ensure that Market Makers do not over utilize the exchange’s System by sending messages to the MIAx Emerald, to the detriment of all other Members of the exchange).

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ Id.

unfair discrimination between customers, issuers, brokers, or dealers. The Exchange also believes the proposed rule change is consistent with Section 6(b)(4)¹² of the Act, which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Members and other persons using its facilities.

The Exchange believes the proposed ADO and ADQ fees are reasonable as Members that do not exceed the high thresholds of 2,000,000 ADO and 500,000,000 ADQ will not be charged any fee under the proposed tiers. Importantly, the ADQ thresholds are also designed to ensure Market Makers' quoting activity, which acts as an important source of liquidity, is not impeded by the proposal.¹³ In this regard, the Exchange further notes that its proposed ADQ Tiers and additional fees are designed to enable Market Makers to quote at increasingly higher levels before moving between Tiers and being assessed higher fees. Specifically, the Exchange notes that it has doubled the upper bound of Tier 1 (250M to 500M), enabling Market Makers to enter quotations at even higher rates and not be assessed a fee. Moreover, the Exchange has increased the upper bounds of Tier 2, Tier 3, and Tier 4, such that Market Makers can quote at even higher rates (compared to the prior Tiers) in each of these Tiers, before being assessed progressively higher fees. Overall, the Exchange believes this proposed framework will not hinder market quality, but rather potentially encourage even greater levels of quoting activity, while also appropriately charging those Market Makers that utilize more of the

¹² 15 U.S.C. 78f(b)(4).

¹³ Since the implementation of the proposal on September 3, 2024, the Exchange notes that it has not received any feedback from Market Maker participants that the proposal has impeded their ability to meet their quoting obligations.

System's resources. Specifically, the Exchange notes the following regarding its proposed ADQ Tiers:

- Tier 1: The upper bound of Tier 1 doubled, from 250M to 500M. In effect, Market Makers will now be able to quote at levels 2x greater than they can under current Tier 1, without being charged a fee.
- Tier 2: The upper bound of Tier 2 increased from 500M, to 1BN. In effect, Market Makers will now be able to quote up to 2x the level they are currently able to under existing Tier 2 – for a fee of \$0.05 – before falling into Tier 3 and being charged the higher fee of \$0.075.
- Tier 3: The upper bound of Tier 3 increased from 1BN, to 1.5BN. In effect, Market Makers will now be able to quote up to 1.5x the level they are currently able to under existing Tier 3 – for a fee of \$0.075 – before falling into Tier 4 and being charged the higher additional fee of \$0.125.
- Tier 4: The upper bound of Tier 4 decreased from 3.5BN to 3 BN. However, the Exchange notes that a Market Maker quoting up to 3B in ADQ is ultimately charged the same fee (\$12,500) under the prior structure and the proposed structure.
- Tier 5: Market Maker quoting activity falls into Tier 5 at quoting levels 500M less than under the current Tier 5 – i.e., above 3BN vs. above 3.5BN. While the threshold has been lowered for Tier 5 from 3,500,000,001 to 3,000,000,001, the Exchange does not believe this is significant. This is demonstrated by the fact that in using the revised Tier 5 threshold in conjunction with the activity in 2025, no additional firms would have fallen into Tier 5.

Accordingly, the Exchange believes the proposed Tiers and additional fees are designed to foster broader participation by Market Makers before they are assessed higher additional fees, thereby improving market quality and fostering better execution quality.

As noted above, the Exchange also believes it is reasonable, equitable and not unfairly discriminatory to assess higher fees when a Member has higher ADO and ADQ rates because these Members utilize a greater proportion of the Exchange's Trading

System resources, and as such, the Exchange believes that Members who choose to enter orders or quote at the very high ADQ and ADO rates established by the Exchange should reasonably expect to be charged more. Moreover, the Exchange provides all Members with free reports to help them monitor their ADO and ADQ activity, and Members can use such information to adjust their ADO and ADQ levels accordingly. In this regard, the Exchange believes that all Members are afforded equal opportunity to adjust their Exchange activity accordingly.

While the Exchange's Trading System resources have yet to be negatively impacted by Members' elevated ADO and/or ADQ rates, the Exchange nevertheless believes that it is in the interests of all Members, and market participants who access the Exchange, to charge additional fees to Members that utilize a greater proportion of the Exchange's resources, so as to deter ADO and ADQ rates from continually increasing and ultimately, at some point, negatively impacting the Exchange's capacity. In this regard, the Exchange believes that the proposed fees are one method of facilitating the Commission's goal of ensuring that critical market infrastructure has "levels of capacity, integrity, resiliency, availability, and security adequate to maintain their operational capability and promote the maintenance of fair and orderly markets."¹⁴

Moreover, the Exchange believes that the proposed ADO and ADQ fees are equitable and not unfairly discriminatory because they will be assessed uniformly to similarly situated users in that all Members that exceed the thresholds in connection with ADO and ADQ will be assessed the proposed ADO and ADQ rates. Regarding ADO and

¹⁴ See Securities Exchange Act Release No. 73639 (November 19, 2014), 79 FR 72251 (December 5, 2014) (File No. S7-01-13) (Regulation SCI Adopting Release).

ADQ, no market participant is assessed any fees unless it exceeds the proposed thresholds. The Exchange also believes it is equitable and not unfairly discriminatory to assess incrementally higher fees to Members that have higher ADO and ADQ rates because the potential impact on exchange systems, bandwidth and capacity becomes greater with increased ADO and ADQ.

Furthermore, the Exchange believes it is equitable and not unfairly discriminatory to aggregate Members trading activity with any affiliated Member sharing at least 75% common ownership¹⁵ in order to prevent members from shifting their order flow or quoting activity to other affiliates in order to circumvent the ADO and ADQ thresholds.

The Exchange lastly believes that its proposal is reasonable, equitably allocated and not unfairly discriminatory because it is not intended to raise revenue for the Exchange; rather, it is intended to encourage efficient behavior so that Members do not exhaust System resources. Moreover, as noted above, competing options exchanges similarly assess fees to deter Members from over utilizing their respective systems by having excessive order and/or quoting trading activity.¹⁶

¹⁵ The Exchange notes that its usage of 75% of common ownership is standard practice and utilized by the Exchange's affiliated exchanges. For instance, Cboe EDGX Exchange, Inc. options Market Maker Order-to-Trade Ratio fees provide that Order-to-Trade Ratio fees will apply only to participants registered as Market Makers on EDGX Options. The Order-to-Trade ratio will be calculated monthly based on the total number of orders (including messages to modify orders) submitted to EDGX Options, regardless of capacity, divided by the total number of trades occurring on orders. The calculation of the ratio will not include quotes or trades resulting from such quotes. A Market Maker's order flow will be aggregated together with any affiliated Members *sharing at least 75% common ownership*." See Cboe U.S. Options Fee Schedule, EDGX Options, available at: https://www.cboe.com/us/options/membership/fee_schedule/edgx/; see also Nasdaq BX Options 7 Pricing Schedule, "The term "Common Ownership" shall mean participants under 75% common ownership or control..." available at: <https://listingcenter.nasdaq.com/rulebook/bx/rules/bx-options-7>.

¹⁶ See supra note 9.

Finally, the Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. The Exchange is only one of 18 options exchanges which market participants may direct their order flow and/or participate on, and it represents a small percentage of the overall market.¹⁷ When determining reasonable prices, the Exchange must ensure these are competitive prices in order to maintain market share, as uncompetitive pricing, or prices that Members deem to be excessive, can lead Members to take their order flow to other exchanges.

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

The Exchange does not believe that the proposed rule change to adopt ADO and ADQ fees will impose any burden on intramarket competition that is not necessary in furtherance of the purposes of the Act because such fees will apply equally to all similarly situated Members. Particularly, the proposed fees apply uniformly to all Members, in that any Member who exceeds the ADO and/or ADQ Tier 1 thresholds will be subject to a fee under the proposed corresponding tiers. The Exchange believes that the proposed change neither favors nor penalizes one or more categories of market participants in a manner that would impose an undue burden on competition. Rather, the proposal seeks to benefit all market participants by encouraging the efficient utilization of the Exchange’s network while taking into account the important liquidity provided by its Members. As discussed above potential impact on exchange systems, bandwidth, and

¹⁷ See Cboe Global Markets, U.S. Options Market Volume Summary, Month-to-Date (August 27, 2024), available at https://www.cboe.com/us/options/market_statistics/ which reflects the Exchange representing only 3.3% of total market share.

capacity becomes greater with increased ADO and ADQ rates. Accordingly, the Exchange believes that the proposed ADO and ADQ fees do not favor certain categories of market participants in a manner that would impose a burden on competition.

Next, the Exchange believes the proposed rule change does not impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. As previously discussed, the Exchange operates in a highly competitive market, including competition for order flow. Market Participants have numerous alternative venues that they may participate on, including 17 other options exchanges (including 3 other Cboe-affiliated options exchanges), as well as off-exchange venues, where competitive products are available for trading. Indeed, participants can readily choose to submit their order flow to other exchange and off-exchange venues if they deem fee levels at those other venues to be more favorable. Moreover, the Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹⁸ The fact that this market is competitive has also long been recognized by the courts. In *NetCoalition v. Securities and Exchange Commission*, the D.C. Circuit stated as follows: “[n]o one disputes that competition for order flow is ‘fierce.’ ... As the

¹⁸ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market share percentages for granted’ because ‘no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers’....’¹⁹ Accordingly, the Exchange does not believe its proposed change imposes any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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 the Act²⁰ and Rule 19b-4(f)(2)²¹ thereunder.

(b) The Exchange designates that the proposed rule change establishes or changes a due, fee, or other charge imposed by the Exchange, which renders the proposed rule change effective upon filing with the Securities and Exchange Commission (the

¹⁹ NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

²⁰ 15 U.S.C. 78s(b)(3)(A).

²¹ 17 CFR 240.19b-4(f)(2).

“Commission”). At any time within 60 days of the filing of this proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

(c) Not applicable.

(d) Not applicable.

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

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

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

Not applicable.

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

Not applicable.

Item 11. Exhibits

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

Exhibit 5. Proposed rule text.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CboeBZX-2026-023]

[Insert date]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend its Average Daily Quote and Average Daily Order Fees to be Effective April 1, 2026

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

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

Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) proposes to amend its Average Daily Quote and Average Daily Order fees to be effective April 1, 2026. The text of the proposed rule change is provided in Exhibit 5.

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/equities/regulation/rule_filings/bzx/), and at the principal office of the Exchange.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

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

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

1. Purpose

Effective April 1, 2026, the Exchange proposes to amend its fee schedule to amend its Average Daily Quote and Average Daily Order fees.

Average Daily Quotes and Average Daily Order Fees

The Exchange proposes to revise its Average Daily Order (“ADO”) and Average Daily Quote (“ADQ”) fees. “ADO” represents the total number of orders for the month, divided by the number of trading days. “ADQ” represents the total number of quotes for the month, divided by the number of trading days.³ When measuring a Member’s ADO, orders and cancel/replace modify orders which submit a bid or offer and do not include cancels, are included. To measure a Member’s ADQ, quotes and quote updates which submit a bid or offer and do not include cancels, are included. Further, ADO will include

³ The term “quote” refers to bids and offers submitted in bulk messages. A bulk message means a single electronic message a user submits with an M (Market-Maker) capacity to the Exchange in which the User may enter, modify, or cancel up to an Exchange-specified number of bids and offers. A User may submit a bulk message through a bulk port as set forth in Exchange Rule 21.1(1)(3). See Rule 16.1 (definition of bulk message).

orders submitted by a Member from all logical port types (i.e., non-unitized logical ports and Unitized Logical Ports).⁴

September 2024 – Proposed ADO Tiers & Fees

By way of background, the Exchange initially proposed its ADQ and ADO Tiers and additional fees on September 13, 2024.⁵ Specifically, the Exchange’s current tiers allow a Member to submit up to 2,000,000 average daily orders or up to 250,000,000 average daily quotes per calendar month without incurring any ADO or ADQ fees, respectively. In the event that the average number of quotes per trading day during a calendar month submitted exceeded 250,000,000, each incremental usage of up to 20,000 average daily quotes would incur an additional fee as set forth in the table below.

Similarly, in the event that the average number of orders per trading day during a calendar month submitted exceeds 2,000,000, each incremental usage of up to 1,000 average daily orders would incur an additional ADO fee as set forth in the table below. A Member’s ADO and ADQ would be aggregated together with any affiliated Member sharing at least 75% common ownership.

ADQ Fee Rate per 20,000 ADQ	Fee				
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
	<= 250,000,000	> 250,000,000	>500,000,000	>1,000,000,000	>3,500,000,000
	\$0.00	\$0.05	\$0.075	\$0.10	\$0.20
	Tier 1 <= 2,000,000	Tier 2 > 2,000,000	Tier 3 >2,500,000	Tier 4 >3,000,000	Tier 5 >3,500,000

⁴ Only quotes may be placed via Unitized Bulk Ports, as such, only Unitized Ports are used to determine a Member’s ADQ.

⁵ The Exchange initially submitted the proposed rule change on August 30, 2024, which was immediately effective upon filing on September 3, 2024 (SR-CboeBZX-2024-082). Subsequently, on September 13, 2024, the Exchange withdrew that filing and submitted SR-Cboe-BZX-2024-088.

ADO Fee Rate per 1,000 ADO	\$0.00	\$1.00	\$1.50	\$2.00	\$2.50
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Notably, in its initial filing the Exchange noted that while it had no way of predicting with certainty how the proposed ADQ and ADO changes would impact Member activity, it believed that based on trading activity from the months preceding its September 13, 2024 filing that, absent any changes to Member behavior, all Members would fall within proposed ADO Tier 1 (and thus not be subject to any new fees) and that approximately 74% of Market Makers would fall within proposed ADQ Tier 1 (and thus also not be subject to any new fees). With regards to the remaining Market Makers (approximately 26%), the Exchange estimated that based on their current activity, and absent any changes to their behavior, that such Market Makers would fall into the following ADQ Tiers: approximately 3 Market Makers in Tier 2; approximately 6 Market Makers in Tier 3; approximately 3 Market Makers in Tier 4; and no Market Makers in Tier 5.

The Exchange notes that a Member's ADO and ADQ rates will naturally vary based on options trading volume on the Exchange, and given the record options trading volume through 2025, the Exchange recently undertook to analyze actual ADO and ADQ rates for 2025.⁶ In doing so, the Exchange observed that the actual ADQ rates for its

⁶ Importantly, the Exchange notes that it will, from time to time, review actual ADQ and ADO rates, and that based on a review of such data, may choose to adjust its ADO and ADQ Tiers and fees accordingly. While the Exchange is now proposing to double the upper bound of proposed ADQ Tier 1 and increase the upper bounds of Tiers 2-4 such that a greater level of quoting activity is permitted before Market Makers are subject to increased fees as their quoting activity places them in progressively higher Tiers, a review of future data could in fact justify the Exchange proposing to narrow its ADQ Tiers (or ADO Tiers) in order to achieve its purpose of encouraging efficient quoting behavior so that market participants do not exhaust System resources.

Market Makers differed from the estimates utilized by the Exchange to establish its initial ADQ Tiers and their additional fees. Specifically, the Exchange’s data showed that the Exchange’s market makers fell into the following tiers:⁷

<u>Month</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	<u>Tier 4</u>	<u>Tier 5</u>
<u>January 2025</u>	<u>10</u>	<u>3</u>	<u>3</u>	<u>2</u>	<u>1</u>
<u>February 2025</u>	<u>10</u>	<u>3</u>	<u>3</u>	<u>2</u>	<u>1</u>
<u>March 2025</u>	<u>9</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>1</u>
<u>April 2025</u>	<u>8</u>	<u>2</u>	<u>4</u>	<u>2</u>	<u>2</u>
<u>May 2025</u>	<u>9</u>	<u>3</u>	<u>3</u>	<u>2</u>	<u>1</u>
<u>June 2025</u>	<u>9</u>	<u>2</u>	<u>4</u>	<u>2</u>	<u>1</u>
<u>July 2025</u>	<u>9</u>	<u>4</u>	<u>2</u>	<u>2</u>	<u>1</u>
<u>August 2025</u>	<u>9</u>	<u>4</u>	<u>2</u>	<u>2</u>	<u>0</u>
<u>September 2025</u>	<u>11</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>1</u>
<u>October 2025</u>	<u>11</u>	<u>2</u>	<u>2</u>	<u>4</u>	<u>0</u>
<u>November 2025</u>	<u>12</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>0</u>
<u>December 2025</u>	<u>13</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>0</u>

⁷ While allocation of Market Makers differed from that initially estimated by the Exchange in its initial filing, the Exchange notes that average daily volume (“ADV”) in August 2025 across Cboe’s four U.S. options exchange was at an all-time high of 19.2 million contracts, comprised of: record multi-listed options ADV of 14.3 million contracts, which surpassed the ADV record of 13.6 million contracts set in February 2025; and S&P 500 Index (SPX) options ADV of 3.8 million contracts, the second-best month of all time, with zero-days-to-expiry (0DTE) trading representing a record ADV of 2.4 million contracts. In this regard, the Exchange notes that its September 2024 estimates were skewed in large part to unforeseeable record-setting ADV volume in options contract trading. See “Cboe Global Markets Reports Trading Volume for August 2025,” available at: <https://ir.cboe.com/news/news-details/2025/Cboe-Global-Markets-Reports-Trading-Volume-for-August-2025/default.aspx#:~:text=Record%20multi%2Dlisted%20options%20ADV,ADV%20of%202.4%20million%20contracts>

April 2026 – Proposed ADQ Tiers and Fees

Given the actual ADQ rates, the Exchange now proposes that, effective April 1, 2026, a Market Maker may submit up to 500,000,000 average daily quotes per calendar month without incurring any ADQ additional fees. In the event that the average number of quotes per trading day during a calendar month exceeds 500,000,000, each incremental usage of up to 20,000 average daily quotes will incur an additional fee as set forth in the table below. Moreover, as initially proposed, a Market Maker's ADQ will still be aggregated together with any affiliated Market Maker sharing at least 75% common ownership.

The proposed ADQ tiers and additional fees are set forth in the table, below. The Exchange proposes that the proposed ADQ Tiers and fees will be effective beginning April 1, 2026. The Exchange believes the proposed ADQ fees are reasonable as Members that do not exceed the high threshold of 500,000,000 ADQ will not be charged any fee under the proposed tiers. Moreover, the Exchange believes it is reasonable, equitable and not unfairly discriminatory to assess higher fees when a Member has higher ADO and ADQ rates because these Members utilize a greater proportion of the Exchange's Trading System resources, and as such, the Exchange believes that Members who choose to enter orders or quote at the very high ADQ rates established by the Exchange should reasonably expect to be charged more.

ADQ Fee Rate per 20,000 ADQ	Fee				
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
	<=	>=	>=	>=	>=
	500,000,000	500,000,001	1,000,000,001	1,500,000,001	3,000,000,001
	\$0.00	\$0.05	\$0.075	\$0.125	\$0.20

As an example, a Market Maker that has 1,000,040,000 ADQ would subsequently have 50,002 “ADQ increments” (1,000,040,000 ADQ / 20,000 ADQ increments). While 25,000 of the 50,002 ADQ increments are free within Tier 1, 25,000 of the ADQ increments would be fee liable at \$0.050 within Tier 2, and 2 of the ADQ increments would be fee liable at \$0.075 within Tier 3, resulting in a total ADQ fee of \$1,250.15 (Tier 2 total of \$1,250 + Tier 3 total of \$0.15) for that month.⁸

The Exchange notes that in the event a firm has an odd lot increment, that they will not be charged a prorated portion of that increment. For example, if a firm has 1,000,010,000 ADQ, they would be charged based on 50,000 (1,000,000,000/20,000) increments as the remainder of 10,000 does not hit the 20,000 ADQ increment.⁹

ADO Rates

With regards to ADO, the Exchange is not proposing to change the ADO tiers and additional tiers from those initially proposed. The Exchange does not propose to amend the ADO tiers as it believes they are properly calibrated to current market activity. When the ADO Tiers were first contemplated, the Exchange noted that based on the prior month’s activities, that all firms would fall into the proposed Tier 1, and thus, would not be fee liable. As this has remained largely consistent with what the Exchange sees now

⁸ The Exchange proposes to include this example in the Fees Schedule to provide further clarity as to the application of the proposed fees.

⁹ The Exchange proposes to include this example in the Fees Schedule to provide further clarity as to the application of the proposed fees.

(unlike the ADQ levels which have varied from initial projections), the Exchange finds it appropriate to leave the ADO Tiers as they stand at this time. Specifically, a Market Maker may still submit up to 2,000,000 average daily orders per calendar month without incurring any ADO fees. In the event that the average number of orders per trading day during a calendar month exceeds, 2,000,000, each incremental usage of up to 1,000 average daily orders will incur an additional ADO fee as set forth in the table below. Moreover, as initially proposed, a Member's ADO will still be aggregated together with any affiliated Member sharing at least 75% common ownership.

ADO Fee Rate per 1,000 ADO	Tier 1 <= 2,000,000	Tier 2 >= 2,000,001	Tier 3 >= 2,500,001	Tier 4 >= 3,000,001	Tier 5 >= 3,500,001
	\$0.00	\$1.00	\$1.50	\$2.00	\$2.50

The Exchange notes that market participants with incrementally higher ADO or ADQ are likely to require more of the Exchange's Trading System resources, bandwidth, and capacity. In this regard, the Exchange believes it appropriate to charge additional fees to Members that utilize more of the Exchange's Trading System's resources, particularly when their ADO or ADQ rates reach levels as high as 3.5 million orders or 3 billion quotations. This is demonstrated by the fact that, as noted previously, almost all firms fall into the lower Tier 1 for ADO and, the majority of firms fall into Tier 1 for ADQ. Using the new thresholds and firm messaging rates in December, only 10% of Market Makers fell into Tier 4 and no Market Makers fell into Tier 5. Moreover, at elevated order entry and quoting rates, it is feasible that at some point, such Member activity could create System latency and potentially impact other Members' ability to receive timelier executions. While the Exchange and its Members have yet to experience Exchange Trading System latency due to high order and quotation rates, the Exchange

believes its proposed ADQ and ADO rates are designed to strike an appropriate balance between permitting high rates of order and quoting activity at levels that do not incur a fee, and assessing fees for order and quoting activity at levels that get so high that they could begin to impact System capacity. Indeed, the proposed fee structure has multiple thresholds, and the proposed fees are incrementally greater at higher ADO and ADQ rates, and the Exchange believes this framework accurately and fairly reflects such rationale.

The Exchange also represents that the proposed fees are not intended to raise profits. While the Exchange's proposal assesses additional fees to Members that utilize a greater share of the Exchange's Trading System resources, the Exchange notes that a Member would have to exceed the high ADO rate of 2,000,000 and a Market Maker would have to exceed the high ADQ rate of 500,000,000 before that market participant would be charged a fee under the proposed respective tiers. Moreover, the Exchange's proposal will double the upper bound of ADQ Tier 1, and increase the upper bounds of Tiers 2-4, thereby enabling Market Makers to quote at increased levels before they are placed in progressively higher Tiers. The Exchange also notes that it provides Members with daily reports, free of charge, which details their order and trade activity in order for those firms to be fully aware of all order and trade activity they (and their affiliates) are sending to the Exchange. This will allow Members to monitor their behavior and determine whether it is approaching any of the ADO or ADQ thresholds that trigger the proposed fees. Lastly, the Exchange notes that other exchanges have adopted various fee

programs that assess incrementally higher fees to Members that have incrementally higher order and/or quoting trading activity for similar reasons.¹⁰

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.¹¹

Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹² requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹³ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange also

¹⁰ See, e.g., Securities Exchange Act Release No. 60102 (June 11, 2009), 74 FR 29251 (June 19, 2009) (SR-NYSEArca-2009-50) (adopting fees applicable to Members based on the number of orders entered compared to the number of executions received in a calendar month). It appears that Nasdaq similarly assesses a penalty charge to its members that exceed certain “weighted order-to-trade ratios”. See *Price List—Trading Connectivity*, NASDAQ, available at <https://www.nasdaqtrader.com/trader.aspx?id=pricelisttrading2>. See also Securities Exchange Act Release No. 91406 (March 25, 2021), 86 FR 16795 (March 31, 2023) (SR-EMERALD-2021-10) (adopting an “Excessive Quoting Fee” to ensure that Market Makers do not over utilize the exchange’s System by sending messages to the MIAx Emerald, to the detriment of all other Members of the exchange).

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

¹³ Id.

believes the proposed rule change is consistent with Section 6(b)(4)¹⁴ of the Act, which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Members and other persons using its facilities.

The Exchange believes the proposed ADO and ADQ fees are reasonable as Members that do not exceed the high thresholds of 2,000,000 ADO and 500,000,000 ADQ will not be charged any fee under the proposed tiers. Importantly, the ADQ thresholds are also designed to ensure Market Makers' quoting activity, which acts as an important source of liquidity, is not impeded by the proposal.¹⁵ In this regard, the Exchange further notes that its proposed ADQ Tiers and additional fees are designed to enable Market Makers to quote at increasingly higher levels before moving between Tiers and being assessed higher fees. Specifically, the Exchange notes that it has doubled the upper bound of Tier 1 (250M to 500M), enabling Market Makers to enter quotations at even higher rates and not be assessed a fee. Moreover, the Exchange has increased the upper bounds of Tier 2, Tier 3, and Tier 4, such that Market Makers can quote at even higher rates (compared to the prior Tiers) in each of these Tiers, before being assessed progressively higher fees. Overall, the Exchange believes this proposed framework will not hinder market quality, but rather potentially encourage even greater levels of quoting activity, while also appropriately charging those Market Makers that utilize more of the System's resources. Specifically, the Exchange notes the following regarding its proposed ADQ Tiers:

¹⁴ 15 U.S.C. 78f(b)(4).

¹⁵ Since the implementation of the proposal on September 3, 2024, the Exchange notes that it has not received any feedback from Market Maker participants that the proposal has impeded their ability to meet their quoting obligations.

- Tier 1: The upper bound of Tier 1 doubled, from 250M to 500M. In effect, Market Makers will now be able to quote at levels 2x greater than they can under current Tier 1, without being charged a fee.
- Tier 2: The upper bound of Tier 2 increased from 500M, to 1BN. In effect, Market Makers will now be able to quote up to 2x the level they are currently able to under existing Tier 2 – for a fee of \$0.05 – before falling into Tier 3 and being charged the higher fee of \$0.075.
- Tier 3: The upper bound of Tier 3 increased from 1BN, to 1.5BN. In effect, Market Makers will now be able to quote up to 1.5x the level they are currently able to under existing Tier 3 – for a fee of \$0.075 – before falling into Tier 4 and being charged the higher additional fee of \$0.125.
- Tier 4: The upper bound of Tier 4 decreased from 3.5BN to 3 BN. However, the Exchange notes that a Market Maker quoting up to 3B in ADQ is ultimately charged the same fee (\$12,500) under the prior structure and the proposed structure.
- Tier 5: Market Maker quoting activity falls into Tier 5 at quoting levels 500M less than under the current Tier 5 – i.e., above 3BN vs. above 3.5BN. While the threshold has been lowered for Tier 5 from 3,500,000,001 to 3,000,000,001, the Exchange does not believe this is significant. This is demonstrated by the fact that in using the revised Tier 5 threshold in conjunction with the activity in 2025, no additional firms would have fallen into Tier 5.

Accordingly, the Exchange believes the proposed Tiers and additional fees are designed to foster broader participation by Market Makers before they are assessed higher additional fees, thereby improving market quality and fostering better execution quality.

As noted above, the Exchange also believes it is reasonable, equitable and not unfairly discriminatory to assess higher fees when a Member has higher ADO and ADQ rates because these Members utilize a greater proportion of the Exchange's Trading System resources, and as such, the Exchange believes that Members who choose to enter orders or quote at the very high ADQ and ADO rates established by the Exchange should reasonably expect to be charged more. Moreover, the Exchange provides all Members

with free reports to help them monitor their ADO and ADQ activity, and Members can use such information to adjust their ADO and ADQ levels accordingly. In this regard, the Exchange believes that all Members are afforded equal opportunity to adjust their Exchange activity accordingly.

While the Exchange's Trading System resources have yet to be negatively impacted by Members' elevated ADO and/or ADQ rates, the Exchange nevertheless believes that it is in the interests of all Members, and market participants who access the Exchange, to charge additional fees to Members that utilize a greater proportion of the Exchange's resources, so as to deter ADO and ADQ rates from continually increasing and ultimately, at some point, negatively impacting the Exchange's capacity. In this regard, the Exchange believes that the proposed fees are one method of facilitating the Commission's goal of ensuring that critical market infrastructure has "levels of capacity, integrity, resiliency, availability, and security adequate to maintain their operational capability and promote the maintenance of fair and orderly markets."¹⁶

Moreover, the Exchange believes that the proposed ADO and ADQ fees are equitable and not unfairly discriminatory because they will be assessed uniformly to similarly situated users in that all Members that exceed the thresholds in connection with ADO and ADQ will be assessed the proposed ADO and ADQ rates. Regarding ADO and ADQ, no market participant is assessed any fees unless it exceeds the proposed thresholds. The Exchange also believes it is equitable and not unfairly discriminatory to assess incrementally higher fees to Members that have higher ADO and ADQ rates

¹⁶ *See* Securities Exchange Act Release No. 73639 (November 19, 2014), [79 FR 72251](#) (December 5, 2014) (File No. S7-01-13) (Regulation SCI Adopting Release).

because the potential impact on exchange systems, bandwidth and capacity becomes greater with increased ADO and ADQ.

Furthermore, the Exchange believes it is equitable and not unfairly discriminatory to aggregate Members trading activity with any affiliated Member sharing at least 75% common ownership¹⁷ in order to prevent members from shifting their order flow or quoting activity to other affiliates in order to circumvent the ADO and ADQ thresholds.

The Exchange lastly believes that its proposal is reasonable, equitably allocated and not unfairly discriminatory because it is not intended to raise revenue for the Exchange; rather, it is intended to encourage efficient behavior so that Members do not exhaust System resources. Moreover, as noted above, competing options exchanges similarly assess fees to deter Members from over utilizing their respective systems by having excessive order and/or quoting trading activity.¹⁸

Finally, the Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. The Exchange is only one of 18 options exchanges which market participants may direct their

¹⁷ The Exchange notes that its usage of 75% of common ownership is standard practice and utilized by the Exchange's affiliated exchanges. For instance, Cboe EDGX Exchange, Inc. options Market Maker Order-to-Trade Ratio fees provide that Order-to-Trade Ratio fees will apply only to participants registered as Market Makers on EDGX Options. The Order-to-Trade ratio will be calculated monthly based on the total number of orders (including messages to modify orders) submitted to EDGX Options, regardless of capacity, divided by the total number of trades occurring on orders. The calculation of the ration will not include quotes or trades resulting from such quotes. A Market Maker's order flow will be aggregated together with any affiliated Members *sharing at least 75% common ownership*." See Cboe U.S. Options Fee Schedule, EDGX Options, available at: https://www.cboe.com/us/options/membership/fee_schedule/edgx/; see also Nasdaq BX Options 7 Pricing Schedule, "The term "Common Ownership" shall mean participants under 75% common ownership or control..." available at: <https://listingcenter.nasdaq.com/rulebook/bx/rules/bx-options-7>.

¹⁸ See supra note 11.

order flow and/or participate on, and it represents a small percentage of the overall market.¹⁹ When determining reasonable prices, the Exchange must ensure these are competitive prices in order to maintain market share, as uncompetitive pricing, or prices that Members deem to be excessive, can lead Members to take their order flow to other exchanges.

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

The Exchange does not believe that the proposed rule change to adopt ADO and ADQ fees will impose any burden on intramarket competition that is not necessary in furtherance of the purposes of the Act because such fees will apply equally to all similarly situated Members. Particularly, the proposed fees apply uniformly to all Members, in that any Member who exceeds the ADO and/or ADQ Tier 1 thresholds will be subject to a fee under the proposed corresponding tiers. The Exchange believes that the proposed change neither favors nor penalizes one or more categories of market participants in a manner that would impose an undue burden on competition. Rather, the proposal seeks to benefit all market participants by encouraging the efficient utilization of the Exchange's network while taking into account the important liquidity provided by its Members. As discussed above potential impact on exchange systems, bandwidth, and capacity becomes greater with increased ADO and ADQ rates. Accordingly, the Exchange believes that the proposed ADO and ADQ fees do not favor certain categories of market participants in a manner that would impose a burden on competition.

¹⁹ See Cboe Global Markets, U.S. Options Market Volume Summary, Month-to-Date (August 27, 2024), available at https://www.cboe.com/us/options/market_statistics/ which reflects the Exchange representing only 3.3% of total market share.

Next, the Exchange believes the proposed rule change does not impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. As previously discussed, the Exchange operates in a highly competitive market, including competition for order flow. Market Participants have numerous alternative venues that they may participate on, including 17 other options exchanges (including 3 other Cboe-affiliated options exchanges), as well as off-exchange venues, where competitive products are available for trading. Indeed, participants can readily choose to submit their order flow to other exchange and off-exchange venues if they deem fee levels at those other venues to be more favorable. Moreover, the Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”²⁰ The fact that this market is competitive has also long been recognized by the courts. In *NetCoalition v. Securities and Exchange Commission*, the D.C. Circuit stated as follows: “[n]o one disputes that competition for order flow is ‘fierce.’ ... As the SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market

²⁰ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'....".²¹ Accordingly, the Exchange does not believe its proposed change imposes any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

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

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act²² and paragraph (f) of Rule 19b-4²³ 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.

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

²² 15 U.S.C. 78s(b)(3)(A).

²³ 17 CFR 240.19b-4(f).

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-CboeBZX-2026-023 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-CboeBZX-2026-023. 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-CboeBZX-2026-023 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.²⁴

Sherry R. Haywood,

Assistant Secretary.

²⁴ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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Rules of Cboe BZX Exchange, Inc.

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Cboe U.S. Options Fee Schedules

BZX Options

Effective [January 29]April 1, 2026

* * * * *

Average Daily Order (ADO) and Average Daily Quote (ADQ) Fees

ADQ Fee Rate per 20,000 ADQ	Fee				
	Tier 1 ≤	Tier 2 ≥	Tier 3 ≥	Tier 4 ≥	Tier 5 ≥
	[25] <u>500,000,000</u>	[25] <u>500,000,00</u> [0]1	1, <u>[5]000,000,00</u> [0]1	1, <u>5[0]00,000,00</u> [0]1	3, <u>[5]000,000,00</u> [0]1
	\$0.00	\$0.05	\$0.075	\$0. <u>[10]125</u>	\$0.20
ADO Fee Rate per 1,000 ADO	Tier 1 ≤ 2,000,000	Tier 2 ≥ 2,000,00[0]1	Tier 3 ≥ 2,500,00[0]1	Tier 4 ≥ 3,000,00[0]1	Tier 5 ≥ 3,500,00[0]1
	\$0.00	\$1.00	\$1.50	\$2.00	\$2.50

- “ADO” represents the total number of orders for the month, divided by the number of trading days. “ADQ” represents the total number of quotes for the month, divided by the number of trading days. When measuring the ADO and ADQ, orders, quotes, cancel/replace modify orders, and quote updates which submit a bid or offer are included. A Member’s ADO and ADQ will be aggregated together with any affiliated Member sharing at least 75% common ownership.
- Each Firm may submit up to 2,000,000 average daily orders or up to [25]500,000,000 average daily quotes per calendar month without incurring ADO/ADQ fees. In the event that the average number of quotes per trading day during a calendar month submitted exceeds [25]500,000,000, each incremental usage of up to 20,000 average daily quotes will incur an additional fee as per the table above. Similarly, in the event that the average number of

orders per trading day during a calendar month submitted exceeds 2,000,000, each incremental usage of up to 1,000 average daily orders will incur an additional ADO fee as per the table above.

- [As an example, a Firm that has 510,000,000 ADQ would subsequently have 25,500 “ADQ increments” (510,000,000 ADQ / 20,000 ADQ increments). While 12,500 of the 25,500 ADQ increments are free within Tier 1, 12,500 of the ADQ increments would be fee liable at \$0.050 within Tier 2, while the remaining 500 ADQ increments would be fee liable at \$.075 within Tier 3, resulting in a total ADQ fee of \$662.50 for the month.] As an example, a Market Maker that has 1,000,040,000 ADQ would subsequently have 50,002 “ADQ increments” (1,000,040,000 ADQ / 20,000 ADQ increments). While 25,000 of the 50,002 ADQ increments are free within Tier 1, 25,000 of the ADQ increments would be fee liable at \$0.050 within Tier 2, and 2 of the ADQ increments would be fee liable at \$0.075 within Tier 3, resulting in a total ADQ fee of \$1,250.15 (Tier 2 total of \$1,250 + Tier 3 total of \$0.15) for that month
- In the event a firm has an odd lot increment (e.g., is not up to the 20,000 ADQ increment or the 1,000 ADO increment), they will not be charged a prorated portion of that increment. For example, if a firm has 1,000,010,000 ADQ, they would be charged based on 50,000 ADQ increments (1,000,000,000/20,000) as the remainder of 10,000 does not hit the 20,000 ADQ increment.

Options Physical Connectivity Fees

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