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Page 1 of \* 29

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

File No. \* SR 2026 - \* 029

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"/>	Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input checked="" type="checkbox"/> 19b-4(f)(6)		
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Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010  
Section 806(e)(1) \*

Section 806(e)(2) \*

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

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

**Description**

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

The Exchange proposes to amend Rule 11.9 and Rule 11.13 to describe the behavior of Non Displayed Orders.

**Contact Information**

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

First Name \* Courtney    Last Name \* Smith

Title \* Senior Counsel

E-mail \* csmith@cboe.com

Telephone \* (913) 815-7046    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 04/08/2026 (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: 2026.04.08  
14:39:40 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

Add Remove View

BZX-26-029 (Non-Displayed Order) 19

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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BZX-26-029 (Non-Displayed Order) E

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**

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BZX-26-029 (Non-Displayed Order) E

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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) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) is filing with the Securities and Exchange Commission (“Commission”) a proposal to amend Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) to describe the behavior of Non-Displayed Orders. The text of the proposed rule change is provided in Exhibit 5.

(b) Not applicable.

(c) Not applicable.

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

(a) The Exchange’s President pursuant to delegated authority approved the proposed rule change on April 7, 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 Courtney Smith, Senior Counsel, (913) 815-7046, 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

The Exchange proposes to amend Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) to describe the behavior of Non-Displayed Orders. The Commission recently approved a filing by the Exchange’s affiliate exchange, Cboe EDGX Exchange, Inc. (hereinafter “EDGX” or

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

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

“EDGX Exchange”), to implement a substantially similar amendment to EDGX Exchange Rule 11.6(e)(2) and Rule 11.10(a)(4)(C) – (D) in conjunction with EDGX’s proposal to introduce a Retail Price Improvement (“RPI”) program (the “EDGX RPI Filing”).<sup>3</sup> The Exchange proposes to amend Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) to become substantially similar to EDGX Exchange Rule 11.6(e)(2) and Rule 11.10(a)(4)(C) – (D), which as described above, were recently approved by the Commission. The only differences between the proposed Rules and the EDGX Rules are references to corresponding rules within the BZX Rulebook that differ from the EDGX Rulebook. The Exchange is also not proposing to introduce an RPI Program as was contained in the EDGX RPI Filing.

By way of background, the Exchange currently permits orders to be entered as Non-Displayed Orders pursuant to Rule 11.9(c)(11). Current Rule 11.9(c)(11) states that a Non-Displayed Order is “[a] market or limit order that is not displayed on the Exchange.” The Exchange now proposes to amend Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) in order to more accurately describe the price at which a Non-Displayed Order posts to the BZX Book<sup>4</sup> and at what price a Non-Displayed Order may execute in certain situations. The Exchange believes the proposed amendments to Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) are necessary in order to provide market participants with greater certainty and clarity regarding the current entry and execution of orders with Non-Displayed instructions on the Exchange. The Exchange also believes the proposed amendments are necessary to align the rules of the Exchange with the rules of its affiliate, EDGX Exchange.

Specifically, the Exchange proposes to introduce Rule 11.9(c)(11)(A), which

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<sup>3</sup> See Securities Exchange Act Release No. 105052 (March 19, 2026), 91 FR 14052 (March 24, 2026) (SR-CboeEDGX-2025-072).

<sup>4</sup> See Rule 1.5(e). The term “BZX Book” shall mean the System’s electronic file of orders.

provides that when a Non-Displayed Order is entered, the Non-Displayed Order will be executed against previously posted orders on the BZX Book that are priced equal to or better than the price of the Non-Displayed Order, up to the full amount of such previously posted orders, unless such executions would trade through a Protected Quotation.<sup>5</sup> Any portion of a Non-Displayed Order that cannot be executed in this manner will be posted to the BZX Book, (unless the Non-Displayed Order has a time-in-force of Immediate-or-Cancel (“IOC”)<sup>6</sup>) and/or routed if it has been designated as a routable order.

Next, the Exchange next proposes to introduce Rule 11.9(c)(11)(B), which describes the price at which a Non-Displayed Order is posted and ranked on the BZX Book in the event that it is not executed pursuant to proposed Rule 11.9(c)(11)(A). Proposed Rule 11.9(c)(11)(B)(i) provides if the limit price of a Non-Displayed Order would lock the BZX Book, the Non-Displayed Order will be posted on the BZX Book at the locking price and will be executed as set forth in Rule 11.13(a)(4)(C). If, however, an inbound Non-Displayed Order cannot execute due to User<sup>7</sup> instruction (e.g., Post Only<sup>8</sup> or minimum quantity) and

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<sup>5</sup> See Rule 1.5(t). The term “Protected Bid” or “Protected Offer” shall mean a bid or offer in a stock that is (i) displayed by an automated trading center; (ii) disseminated pursuant to an effective national market system plan; and (iii) an automated quotation that is the best bid or best offer of a national securities exchange or association. The term “Protected Quotation” shall mean a quotation that is a Protected Bid or Protected Offer.

<sup>6</sup> See Exchange Rule 11.9(b)(1). An Immediate-or-Cancel (“IOC”) Order is a limit order that is to be executed in whole or in part as soon as such order is received. The portion not executed immediately on the Exchange or another trading center is treated as cancelled and is not posted to the BZX Book. IOC limit orders that are not designated as “BZX Only” and that cannot be executed in accordance with Rule 11.13(a)(4) on the System when reaching the Exchange will be eligible for routing away pursuant to Rule 11.13(b).

<sup>7</sup> See Rule 1.5(cc). The term “User” shall mean any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3.

<sup>8</sup> See Rule 11.9(c)(6). A Post Only Order is an order that is to be ranked and executed on the Exchange pursuant to Rule 11.12 and Rule 11.13(a)(4) or cancelled, as appropriate, without routing away to another trading center except that the order will not remove liquidity from the BZX Book, other than as described below. A BZX Post Only Order will remove contra-side liquidity from the BZX Book if the order is an order to buy or sell a security priced below \$1.00 or

does not contain a price slide instruction, the Non-Displayed Order will be cancelled. An inbound Non-Displayed Order that cannot execute upon entry and contains a price slide instruction will be ranked at the locking price upon entry. Proposed Rule 11.9(c)(11)(B)(ii) provides if the limit price of the Non-Displayed Order would cross a Protected Quotation and the Non-Displayed Order contains a price slide instruction, the Non-Displayed Order will be executed as set forth in Rule 11.9(g)(1) or cancel, based on User instruction. If the entered limit price of the Non-Displayed Order would cross a Protected Quotation and the Non-Displayed Order does not contain a price slide instruction, the Non-Displayed Order will cancel or route, based on User instruction. Proposed Rule 11.9(c)(11)(B)(iii) provides that in situations where there is a resting Non-Displayed Order on the buy (sell) side of the market and an incoming Non-Displayed Order on the sell (buy) side of the market is unable to execute due to User instruction (e.g., Post Only or minimum quantity) and posts to the BZX Book at a price that locks the resting Non-Displayed Order, an incoming Non-Displayed Order on the buy (sell) side of the market may execute with the resting Non-Displayed Order on the sell (buy) side of the market at the locking price ahead of the Non-Displayed Order on the buy (sell) side of the market. The Exchange believes that it is more appropriate to permit later-arriving orders to execute ahead of a resting order posted to the BZX Book that is in a locked state due to the presence of a contra-side order with specific User instructions (e.g., Post Only or minimum quantity) rather than cancel or slide the later-arriving order due to the information leakage that would occur as a result of the cancellation. The Exchange has included an example to demonstrate this operation, which is contained in

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if the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the BZX Book and subsequently provided liquidity, including the applicable fees charged or rebates provided.

proposed Rule 11.9(c)(11)(B)(iii).

**Example:**

- NBBO for security ABC is \$10.00 x \$10.05.
- User 1 enters a Mid-Point Peg<sup>9</sup> order to buy 100 shares of ABC at \$10.03. User 1's order is posted to the BZX Book and ranked at \$10.025.
- User 2 enters a Mid-Point Peg Post Only order to sell 100 shares of ABC at \$10.02. User 2's order is posted to the BZX Book and ranked at \$10.025.
- User 3 enters an IOC Order to buy 100 shares of ABC at \$10.05.
- **RESULT:** Pursuant to proposed Rule 11.9(c)(11)(B)(iii), User 3's order trades with User 2's Mid-Point Peg Post Only order at a price of \$10.025. In this instance, User 3's order trades with User 2's order ahead of User 1's order because when User 2's order was originally entered, it was unable to execute due to the Post Only instruction. As both User 2's order and User 1's order are non-displayed orders (Mid-Point Peg orders by nature are non-displayed), the Exchange allows User 2's order to post to the BZX Book and be ranked at the locking price as the non-displayed nature of these orders would not cause a violation of Regulation NMS. The Exchange believes that if it were instead to slide User 2's order in accordance with Rule 11.9(g)(2) or cancel User 2's order so that it would not create an internal locked book, the act of sliding or cancelling User 2's order would result in information leakage. As such, the Exchange believes that it is appropriate to permit

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<sup>9</sup> See Rule 11.9(c)(9). A Mid-Point Peg Order is a limit order that after entry into the System, the price of the order is automatically adjusted by the System in response to changes in the NBBO to be pegged to the mid-point of the NBBO, or, alternatively, pegged to the less aggressive of the midpoint of the NBBO or one minimum price variation inside the same side of the NBBO as the order.

User 3's order to trade ahead of User 1's resting order at a price of \$10.025.

Finally, the Exchange also proposes to amend Rule 11.13(a)(4)(C) – (D) to better describe the execution of Non-Displayed Orders in situations where a locked market exists on the BZX Book. Rule 11.13(a)(4)(C) currently states that certain orders are permitted to post and rest on the BZX Book at prices that lock contra-side liquidity, provided, however, that the System will never display a locked market. The Exchange proposes to add language to Rule 11.13(a)(4)(C) to provide that consistent with Rule 11.12, which sets forth the Exchange's rule regarding priority of orders, Non-Displayed Orders and orders subject to display-price sliding as set forth in Rule 11.9(g)(1) (defined as the "Resting Orders") cannot be executed pursuant to Rule 11.13 when such Resting Orders would be executed at prices equal to displayed orders on the opposite side of the market (the "Locking Price").<sup>10</sup> The Exchange also proposes to amend Rule 11.13(a)(4)(D) to conform with the proposed changes in Rule 11.13(a)(4)(C) with regard to the use of the terms Resting Order and Locking Price. Proposed Rule 11.13(a)(4)(D) will be revised from its current text to provide that in the event that an incoming order described in sub-paragraphs (A) and (B) is a Market Order or is a Limit Order priced more aggressively than the Locking Price of a Resting Order as described in sub-paragraph (C), the Exchange will execute the Resting Order at, in the case of a Resting Order bid, one-half minimum price variation less than the Locking Price, and, in the case of a Resting Order offer, one-half minimum price variation more than the Locking Price.

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<sup>10</sup> Any incoming order that would execute against the Resting Order at the Locking Price would receive a priority advantage over the displayed order at the Locking Price. As such, the Exchange does not execute a Resting Order against an incoming order at the Locking Price if there is also a displayed order resting on the BZX Book at the Locking Price.

The proposed changes to Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) will describe the current behavior of orders containing a Non-Displayed instruction in greater detail and align the rules of the Exchange with its affiliate exchange, EDGX. The Exchange is not proposing to amend its current functionality regarding Non-Displayed Orders, but rather seeks to amend its rules so that Users and other market participants will have greater certainty and clarity regarding how a Non-Displayed Order is posted and ranked on the BZX Book during certain scenarios involving locked and crossed markets.

(b) Statutory Basis

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

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

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<sup>11</sup> 15 U.S.C. 78f(b).

<sup>12</sup> 15 U.S.C. 78f(b)(5).

<sup>13</sup> Id.

unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes the proposed amendments to Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) to introduce additional rule text describing the entry and execution of Non-Displayed Orders on the Exchange promote just and equitable principles of trade by providing additional certainty and clarity to market participants regarding how the System processes Non-Displayed Orders. Specifically, the Exchange seeks to provide additional information regarding the price at which a Non-Displayed Order is posted and ranked on the BZX Book when a Non-Displayed Order either locks or crosses a Protected Quotation or when a Non-Displayed Order locks the BZX Book. Further, the Exchange is not proposing to amend Non-Displayed Order behavior, but rather only seeking to introduce additional language to its rules to provide additional explanation and clarity to Users and market participants about Non-Displayed Order behavior during a locked or crossed market scenario. By introducing the proposed rule text, Users will have a better understanding of how a Non-Displayed Order is posted and ranked during certain scenarios involving locked and crossed markets, which benefits all Users and the marketplace as a whole.

Additionally, the Exchange believes its proposal to introduce additional rule text describing the entry and execution of Non-Displayed Orders on the Exchange is not unfairly discriminatory as all Users and market participants will be subject to the same application of the Exchange's rules and will have equal access to the Exchange rulebook. Finally, the Exchange notes that the proposed text of Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) has already been approved by the Commission for the Exchange's

affiliate exchange.<sup>14</sup> Indeed, the proposed amendments are substantially similar those approved by the Commission for EDGX Exchange with differences only to account for the Exchange's existing rule text. Thus, the proposed amendments to Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) do not present any novel issues for the Commission's consideration.

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed changes do not impose any burden on intramarket or intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed changes to Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) are not proposed for competitive reasons but rather to provide Users with additional clarity and transparency about what price a Non-Displayed Order is posted, ranked, and executed during certain scenarios involving locked and crossed markets. Nor do the proposed changes modify the functionality or behavior of Non-Display Orders or any other order type on the Exchange. Rather, the proposed rule changes clarify the current functionality and behavior of Non-Displayed Orders on the Exchange. The proposed rule changes will also align the Exchange's rule text with that of its affiliate exchange, EDGX. Finally, all Users and market participants will be subject to the same application of the Exchange's rules and will have equal access to the Exchange rulebook. Thus, the proposed rule changes add clarity and transparency to the rules of the Exchange regarding Non-Displayed Orders and will not impose any burden on

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<sup>14</sup> Supra note 3.

intramarket or intermarket competition.

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

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

**Item 6. Extension of Time Period for Commission Action**

Not applicable.

**Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)**

(a) The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of Act<sup>15</sup> and Rule 19b-4(f)(6)<sup>16</sup> thereunder.

(b) The Exchange designates that the proposed rule change effects a change that (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public 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.

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

<sup>16</sup> 17 CFR 240.19b-4(f)(6).

The Exchange notes that the proposed amendments are substantially similar those approved by the Commission for EDGX with differences only to account for the Exchange's existing rule text.<sup>17</sup> Therefore, the Exchange believes the proposal does not raise any new issues that have not been previously considered by the Commission. Thus, this rule filing qualifies as a "non-controversial" rule change under Rule 19b-4(f)(6), which renders the proposed rule change effective upon filing with the Commission.

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

The Exchange respectfully requests that the Commission waive the 30-day operative delay period after which a proposed rule change under Rule 19b-4(f)(6) becomes effective. The Exchange notes that the proposed rule change does not change the functionality or behavior of Non-Displayed Orders on the Exchange. Rather, the proposed rule change simply describes the current behavior and functionality of Non-Displayed Orders on the Exchange, thereby aligning the text of the Exchange rulebook with the current behavior and functionality of Non-Displayed Orders and additionally, aligning the rule text with that of the Exchange's affiliate, EDGX. Waiver of the operative delay would allow the text Exchange's rulebook to more readily align with the

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<sup>17</sup> Supra note 3.

current behavior and functionality of Non-Displayed Orders on the Exchange, thereby providing greater certainty and clarity to market participants.

(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 based on a rule change filed by Cboe EDGX Exchange, Inc. and approved by the Commission.<sup>18</sup>

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

Not applicable.

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

Not applicable.

**Item 11. Exhibits**

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

Exhibit 5. Proposed rule text.

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<sup>18</sup> Supra note 3.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CboeBZX-2026-029]

[Insert date]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) to Describe the Behavior of Non-Displayed Orders

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

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

Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) is filing with the Securities and Exchange Commission (“Commission”) a proposal to amend Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) to describe the behavior of Non-Displayed Orders. The text of the proposed rule change is provided in Exhibit 5.

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

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

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

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

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/](https://www.cboe.com/us/equities/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 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) to describe the behavior of Non-Displayed Orders. The Commission recently approved a filing by the Exchange’s affiliate exchange, Cboe EDGX Exchange, Inc. (hereinafter “EDGX” or “EDGX Exchange”), to implement a substantially similar amendment to EDGX Exchange Rule 11.6(e)(2) and Rule 11.10(a)(4)(C) – (D) in conjunction with EDGX’s proposal to introduce a Retail Price Improvement (“RPI”) program (the “EDGX RPI Filing”).<sup>5</sup> The Exchange proposes to amend Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) to become substantially similar to EDGX Exchange Rule 11.6(e)(2) and Rule 11.10(a)(4)(C) – (D),

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<sup>5</sup> See Securities Exchange Act Release No. 105052 (March 19, 2026), 91 FR 14052 (March 24, 2026) (SR-CboeEDGX-2025-072).

which as described above, were recently approved by the Commission. The only differences between the proposed Rules and the EDGX Rules are references to corresponding rules within the BZX Rulebook that differ from the EDGX Rulebook. The Exchange is also not proposing to introduce an RPI Program as was contained in the EDGX RPI Filing.

By way of background, the Exchange currently permits orders to be entered as Non-Displayed Orders pursuant to Rule 11.9(c)(11). Current Rule 11.9(c)(11) states that a Non-Displayed Order is “[a] market or limit order that is not displayed on the Exchange.” The Exchange now proposes to amend Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) in order to more accurately describe the price at which a Non-Displayed Order posts to the BZX Book<sup>6</sup> and at what price a Non-Displayed Order may execute in certain situations. The Exchange believes the proposed amendments to Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) are necessary in order to provide market participants with greater certainty and clarity regarding the current entry and execution of orders with Non-Displayed instructions on the Exchange. The Exchange also believes the proposed amendments are necessary to align the rules of the Exchange with the rules of its affiliate, EDGX Exchange.

Specifically, the Exchange proposes to introduce Rule 11.9(c)(11)(A), which provides that when a Non-Displayed Order is entered, the Non-Displayed Order will be executed against previously posted orders on the BZX Book that are priced equal to or better than the price of the Non-Displayed Order, up to the full amount of such previously posted orders, unless such executions would trade through a Protected Quotation.<sup>7</sup> Any portion of a

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<sup>6</sup> See Rule 1.5(e). The term “BZX Book” shall mean the System’s electronic file of orders.

<sup>7</sup> See Rule 1.5(t). The term “Protected Bid” or “Protected Offer” shall mean a bid or offer in a stock that is (i) displayed by an automated trading center; (ii) disseminated pursuant to an effective national market system plan; and (iii) an automated quotation that is the best bid or best offer of a national securities exchange or association. The term “Protected Quotation” shall mean a

Non-Displayed Order that cannot be executed in this manner will be posted to the BZX Book, (unless the Non-Displayed Order has a time-in-force of Immediate-or-Cancel (“IOC”)<sup>8</sup>) and/or routed if it has been designated as a routable order.

Next, the Exchange next proposes to introduce Rule 11.9(c)(11)(B), which describes the price at which a Non-Displayed Order is posted and ranked on the BZX Book in the event that it is not executed pursuant to proposed Rule 11.9(c)(11)(A). Proposed Rule 11.9(c)(11)(B)(i) provides if the limit price of a Non-Displayed Order would lock the BZX Book, the Non-Displayed Order will be posted on the BZX Book at the locking price and will be executed as set forth in Rule 11.13(a)(4)(C). If, however, an inbound Non-Displayed Order cannot execute due to User<sup>9</sup> instruction (e.g., Post Only<sup>10</sup> or minimum quantity) and does not contain a price slide instruction, the Non-Displayed Order will be cancelled. An inbound Non-Displayed Order that cannot execute upon entry and contains a price slide instruction will be ranked at the locking price upon entry. Proposed Rule 11.9(c)(11)(B)(ii) provides if the limit price of the Non-Displayed Order would cross a Protected Quotation

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quotation that is a Protected Bid or Protected Offer.

<sup>8</sup> See Exchange Rule 11.9(b)(1). An Immediate-or-Cancel (“IOC”) Order is a limit order that is to be executed in whole or in part as soon as such order is received. The portion not executed immediately on the Exchange or another trading center is treated as cancelled and is not posted to the BZX Book. IOC limit orders that are not designated as “BZX Only” and that cannot be executed in accordance with Rule 11.13(a)(4) on the System when reaching the Exchange will be eligible for routing away pursuant to Rule 11.13(b).

<sup>9</sup> See Rule 1.5(cc). The term “User” shall mean any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3.

<sup>10</sup> See Rule 11.9(c)(6). A Post Only Order is an order that is to be ranked and executed on the Exchange pursuant to Rule 11.12 and Rule 11.13(a)(4) or cancelled, as appropriate, without routing away to another trading center except that the order will not remove liquidity from the BZX Book, other than as described below. A BZX Post Only Order will remove contra-side liquidity from the BZX Book if the order is an order to buy or sell a security priced below \$1.00 or if the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the BZX Book and subsequently provided liquidity, including the applicable fees charged or rebates provided.

and the Non-Displayed Order contains a price slide instruction, the Non-Displayed Order will be executed as set forth in Rule 11.9(g)(1) or cancel, based on User instruction. If the entered limit price of the Non-Displayed Order would cross a Protected Quotation and the Non-Displayed Order does not contain a price slide instruction, the Non-Displayed Order will cancel or route, based on User instruction. Proposed Rule 11.9(c)(11)(B)(iii) provides that in situations where there is a resting Non-Displayed Order on the buy (sell) side of the market and an incoming Non-Displayed Order on the sell (buy) side of the market is unable to execute due to User instruction (e.g., Post Only or minimum quantity) and posts to the BZX Book at a price that locks the resting Non-Displayed Order, an incoming Non-Displayed Order on the buy (sell) side of the market may execute with the resting Non-Displayed Order on the sell (buy) side of the market at the locking price ahead of the Non-Displayed Order on the buy (sell) side of the market. The Exchange believes that it is more appropriate to permit later-arriving orders to execute ahead of a resting order posted to the BZX Book that is in a locked state due to the presence of a contra-side order with specific User instructions (e.g., Post Only or minimum quantity) rather than cancel or slide the later-arriving order due to the information leakage that would occur as a result of the cancellation. The Exchange has included an example to demonstrate this operation, which is contained in proposed Rule 11.9(c)(11)(B)(iii).

**Example:**

- NBBO for security ABC is \$10.00 x \$10.05.
- User 1 enters a Mid-Point Peg<sup>11</sup> order to buy 100 shares of ABC at \$10.03. User 1's

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<sup>11</sup> See Rule 11.9(c)(9). A Mid-Point Peg Order is a limit order that after entry into the System, the price of the order is automatically adjusted by the System in response to changes in the NBBO to be pegged to the mid-point of the NBBO, or, alternatively, pegged to the less aggressive of the

order is posted to the BZX Book and ranked at \$10.025.

- User 2 enters a Mid-Point Peg Post Only order to sell 100 shares of ABC at \$10.02. User 2's order is posted to the BZX Book and ranked at \$10.025.
- User 3 enters an IOC Order to buy 100 shares of ABC at \$10.05.
- **RESULT:** Pursuant to proposed Rule 11.9(c)(11)(B)(iii), User 3's order trades with User 2's Mid-Point Peg Post Only order at a price of \$10.025. In this instance, User 3's order trades with User 2's order ahead of User 1's order because when User 2's order was originally entered, it was unable to execute due to the Post Only instruction. As both User 2's order and User 1's order are non-displayed orders (Mid-Point Peg orders by nature are non-displayed), the Exchange allows User 2's order to post to the BZX Book and be ranked at the locking price as the non-displayed nature of these orders would not cause a violation of Regulation NMS. The Exchange believes that if it were instead to slide User 2's order in accordance with Rule 11.9(g)(2) or cancel User 2's order so that it would not create an internal locked book, the act of sliding or cancelling User 2's order would result in information leakage. As such, the Exchange believes that it is appropriate to permit User 3's order to trade ahead of User 1's resting order at a price of \$10.025.

Finally, the Exchange also proposes to amend Rule 11.13(a)(4)(C) – (D) to better describe the execution of Non-Displayed Orders in situations where a locked market exists on the BZX Book. Rule 11.13(a)(4)(C) currently states that certain orders are permitted to post and rest on the BZX Book at prices that lock contra-side liquidity, provided, however,

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midpoint of the NBBO or one minimum price variation inside the same side of the NBBO as the order.

that the System will never display a locked market. The Exchange proposes to add language to Rule 11.13(a)(4)(C) to provide that consistent with Rule 11.12, which sets forth the Exchange's rule regarding priority of orders, Non-Displayed Orders and orders subject to display-price sliding as set forth in Rule 11.9(g)(1) (defined as the "Resting Orders") cannot be executed pursuant to Rule 11.13 when such Resting Orders would be executed at prices equal to displayed orders on the opposite side of the market (the "Locking Price").<sup>12</sup> The Exchange also proposes to amend Rule 11.13(a)(4)(D) to conform with the proposed changes in Rule 11.13(a)(4)(C) with regard to the use of the terms Resting Order and Locking Price. Proposed Rule 11.13(a)(4)(D) will be revised from its current text to provide that in the event that an incoming order described in sub-paragraphs (A) and (B) is a Market Order or is a Limit Order priced more aggressively than the Locking Price of a Resting Order as described in sub-paragraph (C), the Exchange will execute the Resting Order at, in the case of a Resting Order bid, one-half minimum price variation less than the Locking Price, and, in the case of a Resting Order offer, one-half minimum price variation more than the Locking Price.

The proposed changes to Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) will describe the current behavior of orders containing a Non-Displayed instruction in greater detail and align the rules of the Exchange with its affiliate exchange, EDGX. The Exchange is not proposing to amend its current functionality regarding Non-Displayed Orders, but rather seeks to amend its rules so that Users and other market participants will

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<sup>12</sup> Any incoming order that would execute against the Resting Order at the Locking Price would receive a priority advantage over the displayed order at the Locking Price. As such, the Exchange does not execute a Resting Order against an incoming order at the Locking Price if there is also a displayed order resting on the BZX Book at the Locking Price.

have greater certainty and clarity regarding how a Non-Displayed Order is posted and ranked on the BZX Book during certain scenarios involving locked and crossed markets.

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>13</sup>

Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>14</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>15</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes the proposed amendments to Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) to introduce additional rule text describing the entry and execution of Non-Displayed Orders on the Exchange promote just and equitable principles of trade by providing additional certainty and clarity to market participants regarding how the

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

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

<sup>15</sup> Id.

System processes Non-Displayed Orders. Specifically, the Exchange seeks to provide additional information regarding the price at which a Non-Displayed Order is posted and ranked on the BZX Book when a Non-Displayed Order either locks or crosses a Protected Quotation or when a Non-Displayed Order locks the BZX Book. Further, the Exchange is not proposing to amend Non-Displayed Order behavior, but rather only seeking to introduce additional language to its rules to provide additional explanation and clarity to Users and market participants about Non-Displayed Order behavior during a locked or crossed market scenario. By introducing the proposed rule text, Users will have a better understanding of how a Non-Displayed Order is posted and ranked during certain scenarios involving locked and crossed markets, which benefits all Users and the marketplace as a whole.

Additionally, the Exchange believes its proposal to introduce additional rule text describing the entry and execution of Non-Displayed Orders on the Exchange is not unfairly discriminatory as all Users and market participants will be subject to the same application of the Exchange's rules and will have equal access to the Exchange rulebook. Finally, the Exchange notes that the proposed text of Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) has already been approved by the Commission for the Exchange's affiliate exchange.<sup>16</sup> Indeed, the proposed amendments are substantially similar those approved by the Commission for EDGX Exchange with differences only to account for the Exchange's existing rule text. Thus, the proposed amendments to Rule 11.9(c)(11)

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<sup>16</sup> Supra note 5.

and Rule 11.13(a)(4)(C) – (D) do not present any novel issues for the Commission’s consideration.

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed changes do not impose any burden on intramarket or intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed changes to Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) are not proposed for competitive reasons but rather to provide Users with additional clarity and transparency about what price a Non-Displayed Order is posted, ranked, and executed during certain scenarios involving locked and crossed markets. Nor do the proposed changes modify the functionality or behavior of Non-Display Orders or any other order type on the Exchange. Rather, the proposed rule changes clarify the current functionality and behavior of Non-Displayed Orders on the Exchange. The proposed rule changes will also align the Exchange’s rule text with that of its affiliate exchange, EDGX. Finally, all Users and market participants will be subject to the same application of the Exchange’s rules and will have equal access to the Exchange rulebook. Thus, the proposed rule changes add clarity and transparency to the rules of the Exchange regarding Non-Displayed Orders and will not impose any burden on intramarket or intermarket competition.

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

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

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

Because the foregoing proposed rule change does not:

- A. significantly affect the protection of investors or the public interest;
- B. impose any significant burden on competition; and
- C. become operative for 30 days from the date on which it was filed, or such

shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>17</sup> and Rule 19b-4(f)(6)<sup>18</sup> thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

### **IV. Solicitation of Comments**

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

#### Electronic Comments:

- Use the Commission's internet comment form

(<https://www.sec.gov/rules/sro.shtml>); or

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<sup>17</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>18</sup> 17 CFR 240.19b-4(f)(6).

- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-CboeBZX-2026-029 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-2026-029. 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-2026-029 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>19</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>19</sup> 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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## Rule 11.9. Orders and Modifiers.

Users may enter into the System the types of orders listed in this Rule 11.9, subject to the limitations set forth in this Rule or elsewhere in these Rules.

- (a) – (b) No change.
- (c) *Other Types of Orders.*

- (1) – (10) No change.

(11) *Non-Displayed Order.* A market or limit order that is not displayed on the Exchange. A Non-Displayed Order that is to be re-routed pursuant to the Post to Away routing option set forth in Rule 11.13(b)(3)(H) will be identified as a Non-Displayed Order when routed to an away Trading Center.

(A) When a Non-Displayed Order is entered, the Non-Displayed Order will be executed against previously posted Orders on the BZX Book that are priced equal to or better than the price of the Non-Displayed Order, up to the full amount of such previously posted orders, unless such executions would trade through a Protected Quotation. Any portion of the Non-Displayed Order that cannot be executed in this manner will be posted to the BZX Book (unless the Non-Displayed Order has a Time-in-Force of IOC) and/or routed if it has been designated as a routable order.

(B) The price at which a Non-Displayed Order is posted and ranked is determined in the following manner:

(i) If the entered limit price of the Non-Displayed Order would lock the BZX Book, the Non-Displayed Order will be posted on the BZX Book at the locking price and will be executed as set forth in Rule 11.13(a)(4)(D). If, however, an inbound Non-Displayed Order cannot execute due to User instruction (e.g., Post Only or minimum quantity) and does not contain a price slide instruction, the Non-Displayed Order will be cancelled. An inbound Non-Displayed Order that cannot execute upon entry and contains a price slide instruction will be ranked at the locking price upon entry.

(ii) If the entered limit price of the Non-Displayed Order would cross a Protected Quotation and the Non-Displayed Order contains a price slide instruction, the Non-Displayed Order will be executed as set forth in Rule 11.9(g)(1) or cancel, based on User instruction. If the entered limit price of the Non-Displayed Order would cross a Protected Quotation and the Non-Displayed Order does not contain a price slide instruction, the Non-Displayed Order will cancel or route, based on User instruction.

(iii) In situations where there is a resting Non-Displayed Order on the buy (sell) side of the market and an incoming Non-Displayed Order on the sell (buy) side of the market is unable to execute due to User instruction (e.g., Post Only or minimum quantity) and posts to the BZX Book at a price that locks the resting Non-Displayed Order, an incoming Non-Displayed Order on the buy (sell) side of the market may execute with the resting Non-Displayed Order on the sell (buy) side of the market at the locking price ahead of the resting Non-Displayed Order.

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#### Rule 11.13. Order Execution and Routing

Subject to the restrictions under these Exchange Rules or the Act and the rules and regulations thereunder, orders shall be matched for execution and routed in accordance with this Rule 11.13.

(a) Execution Against BZX Book.

For purposes of this Rule 11.13 any order falling within the parameters of this paragraph shall be referred to as “executable”. An order will be cancelled back to the User if, based on market conditions, User instructions, applicable Exchange Rules and/or the Act and the rules and regulations thereunder, such order is not executable, cannot be routed to another Trading Center pursuant to Rule 11.13(b) below and cannot be posted to the BZX Book.

(1) – (3) No Change.

(4) *Execution against BZX Book.* An incoming order shall first attempt to be matched for execution against orders in the BZX Book, as described below, unless the User instructs the System to bypass the BZX Book and route the order to an away Trading Center, in accordance with Exchange Rules.

(A) – (B) No Change.

(C) Consistent with Rule 11.9, based on User instructions, certain orders are permitted to post and rest on the BZX Book at prices that lock contra-side liquidity, provided, however, that the System will never display a locked market. Consistent with Rule 11.12, which sets forth the Exchange’s rule regarding priority of orders,

Non-Displayed Orders and orders subject to display-price sliding as set forth in Rule 11.9(g)(1) (for purposes of this paragraph and paragraph (D) below, the “Resting Orders”) cannot be executed by the Exchange pursuant to this Rule 11.13 when such Resting Orders would be executed at prices equal to displayed orders on the opposite side of the market (the “Locking Price”). Subject to sub-paragraph (D) below, if an incoming order, pursuant to paragraph (A) or (B) above, would execute at the price of a displayed order on the same side of the market, such order will be cancelled or posted to the BZX Book and ranked in accordance with Rule 11.12.

(D) For bids or offers equal to or greater than \$1.00 per share, in the event that an incoming order described in sub-paragraphs (A) and (B) above is a market order or is a limit order priced more aggressively than [the displayed order] the Locking Price of a Resting Order as described in sub-paragraph (C) above, the Exchange will execute the [incoming order]Resting Order at, in the case of an incoming sell order, one-half minimum price variation less than the Locking [p]Price[ of the displayed order], and, in the case of [an incoming buy order]a Resting Order offer, at one-half minimum price variation more than the Locking [p]Price[ of the displayed order]. For bids or offers under \$1.00 per share, this sub-paragraph is inapplicable.

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