

Required fields are shown with yellow backgrounds and asterisks.

Filing by Cboe BZX Exchange, Inc.
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input 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	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<input type="checkbox"/>

Description

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

The Exchange proposes to extend the cutoff time for accepting on close orders entered for participation in the Exchange's Closing Auction and make clarifying changes to the definitions of Late-Limit-On-Close ("LLOC") and Late-Limit-On-Open ("LLOO") orders as provided in Exchange Rule 11.23.

Contact Information

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

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


Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date	03/26/2021	VP, Associate General Counsel
By	Kyle Murray	
	(Name *)	



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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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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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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 Advance 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, security-based swap submission, or advance notice 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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Exhibit Sent As Paper Document

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 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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 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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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 extend the cutoff time for accepting on close orders entered for participation in the Exchange’s Closing Auction and make clarifying changes to the definitions of Late-Limit-On-Close (“LLOC”) and Late-Limit-On-Open (“LLOO”) orders as provided in Exchange Rule 11.23. 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 5, 2021.

(b) Please refer questions and comments on the proposed rule change to Pat Sexton, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-7467, or Sarah Tadtman, Counsel, (913) 815-7203.

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

(a) Purpose

The purpose of the proposed rule change is to extend the cutoff time for accepting on close orders entered for participation in the Exchange’s Closing Auction.¹ Additionally, the Exchange proposes to make clarifying changes to the definition of Late-Limit-On-Close (“LLOC”)² and Late-Limit-On-Open (“LLOO”)³ as provided in Exchange Rules 11.23(a)(11) and (12), respectively.

¹ See Exchange Rule 11.23(c).

² The term “Late-Limit-On-Close” or “LLOC” shall mean a BZX limit order that is designated for execution only in the Closing Auction. To the extent a LLOC bid

Currently, Users may submit Market-On-Close (“MOC”)⁴ and Limit-On-Close (“LOC”)⁵ until 3:55 p.m. ET (“Closing Auction Cutoff”), at which point any additional MOC and LOC orders are rejected. Similarly, Users may submit LLOC orders between the Closing Auction Cutoff (i.e., 3:55 p.m.) and 4:00 p.m. ET. Any LLOC orders submitted before 3:55 p.m. or after 4:00 p.m. are rejected. Further, Eligible Auction Orders designated for the Closing Auction may not be cancelled between 3:55 p.m. and 4:00 p.m. The Exchange’s Closing Auction provides a transparent auction process that determines a single

or offer received by the Exchange has a limit price that is more aggressive than the NBB or NBO, the price of such bid or offer is adjusted to be equal to the NBB or NBO, respectively, at the time of receipt by the Exchange. Where the NBB or NBO becomes more aggressive, the limit price of the LLOC bid or offer will be adjusted to the more aggressive price, only to the extent that the more aggressive price is not more aggressive than the original User entered limit price. The limit price will never be adjusted to a less aggressive price. If there is no NBB or NBO, the LLOC bid or offer, respectively, will assume its entered limit price. See Exchange Rule 11.23(a)(11).

³ The term “Late-Limit-On-Open” or “LLOO” shall mean a BZX limit order that is designated for execution only in the Opening Auction. To the extent a LLOO bid or offer received by the Exchange has a limit price that is more aggressive than the NBB or NBO, the price of such bid or offer is adjusted to be equal to the NBB or NBO, respectively, at the time of receipt by the Exchange. Where the NBB or NBO becomes more aggressive, the limit price of the LLOO bid or offer will be adjusted to the more aggressive price, only to the extent that the more aggressive price is not more aggressive than the original User entered limit price. The limit price will never be adjusted to a less aggressive price. If there is no NBB or NBO, the LLOO bid or offer, respectively, will assume its entered limit price. Notwithstanding the foregoing, a LLOO order entered during the Quote-Only Period of an IPO will be converted to a limit order with a limit price equal to the original User entered limit price and any LLOO orders not executed in their entirety during the IPO Auction will be cancelled upon completion of the IPO Auction. See Exchange Rule 11.23(a)(12).

⁴ The term “Market-On-Close” or “MOC” shall mean a BZX market order that is designated for execution only in the Closing Auction or Cboe Market Close. See Exchange Rule 11.23(a)(15).

⁵ The term “Limit-On-Close” or “LOC” shall mean a BZX limit order that is designated for execution only in the Closing Auction. See Exchange Rule 11.23(a)(13).

price for the close. As the equities markets continue to evolve and become more efficient and automated, the Exchange believes that the current Closing Auction Cutoff is overly restrictive to market participants that wish to participate in the Exchange's Closing Auction and that typically have to tie up on close interest for five minutes or more at the end of the trading day to participate in the Closing Auction. Therefore, the Exchange proposes to modify Rule 11.23(c)(1)(A) to provide that Users may submit LOC and MOC orders until 3:59 p.m., at which point any additional LOC and MOC orders submitted will be rejected. Additionally, that the Exchange proposes to modify Rule 11.23(c)(1)(A) to provide that Users may submit LLOC orders between 3:59 p.m. and 4:00 p.m. and any LLOC orders submitted before 3:59 p.m. or after 4:00 p.m. will be rejected. The Exchange also proposes to modify Rule 11.23(c)(1)(B) to provide that Eligible Auction Orders designated for the Closing Auction may not be canceled between 3:59 and 4:00 p.m. The Exchange believes that this proposed change will enhance the experience provided to market participants who will be able to enter and interact with their on close orders later in the trading day. Similar to cutoffs provided by another equities exchange that operates a closing auction, the Exchange believes that the proposed Closing Auction Cutoff would give Participants greater control over their on close orders while still leaving enough time at the end of the trading day for market participants to react to and offset imbalances. Further, NYSE Arca, Inc. ("Arca"), already uses a 3:59 p.m. ET cutoff for regular MOC/LOC order entry in its closing auction, and the Exchange believes that this cutoff time reflects the efficiency and more automated nature of trading in today's market.⁶

⁶ See Arca Rule 7.35-E(d)(2).

The Exchange also proposes to amend the definitions of the LLOC and LLOO as provided in Rules 11.23(a)(11) and (12), respectively. The definitions of LLOC and LLOO provide that to the extent a LLOC or LLOO bid or offer received by the Exchange has a limit price that is more aggressive than the National Best Bid (“NBB”),⁷ or National Best Offer (“NBO”),⁸ the price of such bid or offer is adjusted to be equal to the NBB or NBO, respectively, at the time of receipt by the Exchange. Where the NBB or NBO becomes more aggressive, the limit price of the LLOC or LLOO bid or offer will be adjusted to the more aggressive price, only to the extent that the more aggressive price is not more aggressive than the original User entered limit price. In addition, the current definitions provide that the limit price will “never” be adjusted to a less aggressive price.

Now, the Exchange proposes to amend Rules 11.23(a)(11) and (12) to provide that the limit price will not be adjusted to a less aggressive price, unless otherwise provided under Exchange Rules, rather than “never” be adjusted to a less aggressive price. In certain instances the System⁹ may adjust the limit price to a less aggressive price if otherwise provided for by Exchange Rules. For example, assume a short sale LLOO or LLOC order was entered at a price less than the NBB while a short sale circuit breaker pursuant to Regulation SHO (the “SCCB”)¹⁰ was in effect. Pursuant to Rules 11.9(g)(5) and (6), the LLOO or LLOC order would be re-priced by the System at one minimum price variation above the NBB. If the NBB then increased, the limit price of the LLOO or LLOC would again be re-priced by the System to the less aggressive price of one minimum price variation

⁷ See Exchange Rule 1.5(o).

⁸ Id.

⁹ See Exchange Rule 1.5(aa).

¹⁰ See 17 CFR 242.201; Securities Exchange Act Release No. 61595 (February 26, 2010), 75 FR 11232 (March 10, 2010)

above the new NBB. Given the foregoing, the Exchange is proposing to amend the Rule text to provide that the limit price will not update to a less aggressive price, unless otherwise provided by Exchange Rules, rather than will “never” update to a less aggressive price. Therefore, the proposed change is intended to provide that LLOO or LLOC orders may be re-priced if otherwise provided by Exchange Rules, such as pursuant to the Reg SHO price sliding.

(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.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.

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

¹³ Id.

Specifically, the Exchange believes that extending the Closing Auction Cutoff for submitting on close orders will allow market participants to retain control over their orders for a longer period of time, and thereby assist those market participants in managing their trading at the close. While the Exchange currently has a Closing Auction Cutoff of 3:55 p.m., the Exchange does not believe five minutes is necessary for market participants to respond to and offset imbalances. In fact, in the Commission's approval order for a similar proposal by the Nasdaq Stock Market, LLC ("Nasdaq"),¹⁴ the Commission stated that it "believes that extending these cutoff times would allow Exchange participants to retain flexibility with respect to entering, modifying, and cancelling their on close orders until a later time, while still providing time for Exchange participants to react and resolve imbalances in the Nasdaq Closing Cross."¹⁵ Further, the Commission stated that it believes Nasdaq's proposal could encourage participation in the Nasdaq Closing Cross by market participants who are unwilling to give up flexibility and control over their on close orders at 3:50 p.m. The Exchange believes that market participants would be better served if the Closing Auction Cutoff was extended to 3:59 p.m. so that the period of time where market participants have limited control over their orders is reduced. The Exchange believes that this will reduce risk for market participants that participate in the Exchange's Closing Auction, and improve price discovery by facilitating additional participation by market participants that may not be willing to lose control over their on close interest for five minutes.

¹⁴ See Securities Exchange Act No. 84454 (October 19, 2018) 83 FR 53923 (October 25, 2018) (SR-NASDAQ-2018-068) (Order Approving Proposed Rule Change, as Modified by Amendment No. 1, To Extend the Cutoff Times for Accepting on Close Orders Entered for Participation in the Nasdaq Closing Cross and to Make Related Changes).

¹⁵ Nasdaq proposed to extend the cutoff time from 3:50 p.m. to 3:55 p.m.

The Exchange further believes that the proposal to extend the Closing Auction Cutoff would remove impediments to and perfect the mechanism of free and open markets and a national market system because it would more closely align the Exchange's Closing Auction Cutoff time with those of another equity exchange. For example, Arca already uses a 3:59 p.m. cutoff for regular MOC/LOC order entry in its closing auction and the Exchange believes that this cutoff time reflects the efficiency and more automated nature of trading in today's market.¹⁶ The Exchange, therefore, believes that there is sufficient precedent in the industry for extending the Closing Auction Cutoff time to 3:59 p.m. as proposed. The Exchange also believes that the proposal would promote just and equitable principles of trade because the proposed rule change would not alter the basic operations of the Exchange's closing procedures. Rather, the proposed rule change would provide more time for order entry and cancellation leading into the close.

The Exchange's proposal to amend Rules 11.23(a)(11) and (12) to provide that a limit price will not be adjusted to a less aggressive price, rather than never be adjusted to a less aggressive price will clarify how the System handles LLOC and LLOO orders in conjunction with other applicable Exchange Rules. As noted above, in certain instances, such as when a short sale LLOC or LLOO order is entered during a SSCB, the System may re-price the order pursuant to Exchange Rules 11.9(g)(5) and (6). Therefore, the Exchange believes that amending Rules 11.23(a)(11) and (12) to provide that the limit price will not update to a less aggressive price, unless otherwise provided by Exchange Rules, will increase transparency around the operation of the Exchange to the benefit of

¹⁶ See Arca Rule 7.35-E(d)(2).

all market participants. Therefore, the proposed change is intended only to clarify the Exchange Rules.

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

The Exchange does not believe that the proposed rule change will impose any burden on intermarket or intramarket competition not necessary or appropriate in furtherance of the purposes of the Act. Rather, the Exchange believes that the proposed rule change is evidence of the competitive forces in the equities markets. The Exchange currently uses a 3:55 p.m. Closing Auction Cutoff, which results in a five-minute period where participants in the Closing Auction no longer have the ability to enter additional MOC/LOC Orders, and have limited ability to interact with their already entered orders. Other exchanges, such as Arca, have adopted a shorter cutoff period.¹⁷ The Exchange believes that the market participants that trade in the Exchange's Closing Auction would similarly benefit from a later Closing Auction Cutoff. The proposed cutoff time would apply equally to all market participants, and reflects the current market environment where trading is increasingly more automated and efficient, and where competing exchanges already offer a later cutoff time than those currently in place on the Exchange.

The Exchange believes the change to the definition of LLOC and LLOO as provided in Exchange Rules 11.23(a)(11) and (12) will have no impact on competition, as it is intended to clarify that such orders will not update to a less aggressive price unless otherwise provided by Exchange Rules.

¹⁷ Id.

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

The Exchange does not consent to an extension of the time period for Securities and Exchange Commission (the “Commission”) action on the proposed rule change specified in Section 19(b)(2) of the Act.¹⁸

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)

Not applicable.

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

The proposed rule change to extend the Closing Auction Cutoff is based on Arca Rule 7.35-E(d)(2).

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.

¹⁸ 15 U.S.C. 78s(b)(2).

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CboeBZX-2021-023]

[Insert date]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change Relating to Extend the Cutoff Time for Accepting on Close Orders Entered for Participation in the Exchange’s Closing Auction and make Clarifying Changes to the Definitions of Late-Limit-On-Close (“LLOC”) and Late-Limit-On-Open (“LLOO”) Orders as Provided in Exchange Rule 11.23

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 extend the cutoff time for accepting on close orders entered for participation in the Exchange’s Closing Auction and make clarifying changes to the definitions of Late-Limit-On-Close (“LLOC”) and Late-Limit-On-Open (“LLOO”) orders as provided in Exchange Rule 11.23. The text of the proposed rule change is provided in Exhibit 5.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

The text of the proposed rule change is also available on the Exchange's website (http://markets.cboe.com/us/equities/regulation/rule_filings/bzx/), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

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 purpose of the proposed rule change is to extend the cutoff time for accepting on close orders entered for participation in the Exchange's Closing Auction.³ Additionally, the Exchange proposes to make clarifying changes to the definition of Late-Limit-On-Close ("LLOC")⁴ and Late-Limit-On-Open ("LLOO")⁵ as provided in Exchange Rules 11.23(a)(11) and (12), respectively.

³ See Exchange Rule 11.23(c).

⁴ The term "Late-Limit-On-Close" or "LLOC" shall mean a BZX limit order that is designated for execution only in the Closing Auction. To the extent a LLOC bid or offer received by the Exchange has a limit price that is more aggressive than the NBB or NBO, the price of such bid or offer is adjusted to be equal to the NBB or NBO, respectively, at the time of receipt by the Exchange. Where the NBB or NBO becomes more aggressive, the limit price of the LLOC bid or offer will be adjusted to the more aggressive price, only to the extent that the more aggressive price is not more aggressive than the original User entered limit price. The limit price will never be adjusted to a less aggressive price. If there is no NBB or NBO, the LLOC bid or offer, respectively, will assume its entered limit price. See

Currently, Users may submit Market-On-Close (“MOC”)⁶ and Limit-On-Close (“LOC”)⁷ until 3:55 p.m. ET (“Closing Auction Cutoff”), at which point any additional MOC and LOC orders are rejected. Similarly, Users may submit LLOC orders between the Closing Auction Cutoff (i.e., 3:55 p.m.) and 4:00 p.m. ET. Any LLOC orders submitted before 3:55 p.m. or after 4:00 p.m. are rejected. Further, Eligible Auction Orders designated for the Closing Auction may not be cancelled between 3:55 p.m. and 4:00 p.m. The Exchange’s Closing Auction provides a transparent auction process that determines a single price for the close. As the equities markets continue to evolve and become more efficient and automated, the Exchange believes that the current Closing Auction Cutoff is overly restrictive to market participants that wish to participate in the Exchange’s Closing Auction and that typically have to tie up on close interest for five minutes or more at the end of the

Exchange Rule 11.23(a)(11).

⁵ The term “Late-Limit-On-Open” or “LLOO” shall mean a BZX limit order that is designated for execution only in the Opening Auction. To the extent a LLOO bid or offer received by the Exchange has a limit price that is more aggressive than the NBB or NBO, the price of such bid or offer is adjusted to be equal to the NBB or NBO, respectively, at the time of receipt by the Exchange. Where the NBB or NBO becomes more aggressive, the limit price of the LLOO bid or offer will be adjusted to the more aggressive price, only to the extent that the more aggressive price is not more aggressive than the original User entered limit price. The limit price will never be adjusted to a less aggressive price. If there is no NBB or NBO, the LLOO bid or offer, respectively, will assume its entered limit price. Notwithstanding the foregoing, a LLOO order entered during the Quote-Only Period of an IPO will be converted to a limit order with a limit price equal to the original User entered limit price and any LLOO orders not executed in their entirety during the IPO Auction will be cancelled upon completion of the IPO Auction. See Exchange Rule 11.23(a)(12).

⁶ The term “Market-On-Close” or “MOC” shall mean a BZX market order that is designated for execution only in the Closing Auction or Cboe Market Close. See Exchange Rule 11.23(a)(15).

⁷ The term “Limit-On-Close” or “LOC” shall mean a BZX limit order that is designated for execution only in the Closing Auction. See Exchange Rule 11.23(a)(13).

trading day to participate in the Closing Auction. Therefore, the Exchange proposes to modify Rule 11.23(c)(1)(A) to provide that Users may submit LOC and MOC orders until 3:59 p.m., at which point any additional LOC and MOC orders submitted will be rejected. Additionally, that the Exchange proposes to modify Rule 11.23(c)(1)(A) to provide that Users may submit LLOC orders between 3:59 p.m. and 4:00 p.m. and any LLOC orders submitted before 3:59 p.m. or after 4:00 p.m. will be rejected. The Exchange also proposes to modify Rule 11.23(c)(1)(B) to provide that Eligible Auction Orders designated for the Closing Auction may not be canceled between 3:59 and 4:00 p.m. The Exchange believes that this proposed change will enhance the experience provided to market participants who will be able to enter and interact with their on close orders later in the trading day. Similar to cutoffs provided by another equities exchange that operates a closing auction, the Exchange believes that the proposed Closing Auction Cutoff would give Participants greater control over their on close orders while still leaving enough time at the end of the trading day for market participants to react to and offset imbalances. Further, NYSE Arca, Inc. (“Arca”), already uses a 3:59 p.m. ET cutoff for regular MOC/LOC order entry in its closing auction, and the Exchange believes that this cutoff time reflects the efficiency and more automated nature of trading in today’s market.⁸

The Exchange also proposes to amend the definitions of the LLOC and LLOO as provided in Rules 11.23(a)(11) and (12), respectively. The definitions of LLOC and LLOO provide that to the extent a LLOC or LLOO bid or offer received by the Exchange has a limit price that is more aggressive than the National Best Bid (“NBB”),⁹ or National Best

⁸ See Arca Rule 7.35-E(d)(2).

⁹ See Exchange Rule 1.5(o).

Offer (“NBO”),¹⁰ the price of such bid or offer is adjusted to be equal to the NBB or NBO, respectively, at the time of receipt by the Exchange. Where the NBB or NBO becomes more aggressive, the limit price of the LLOC or LLOO bid or offer will be adjusted to the more aggressive price, only to the extent that the more aggressive price is not more aggressive than the original User entered limit price. In addition, the current definitions provide that the limit price will “never” be adjusted to a less aggressive price.

Now, the Exchange proposes to amend Rules 11.23(a)(11) and (12) to provide that the limit price will not be adjusted to a less aggressive price, unless otherwise provided under Exchange Rules, rather than “never” be adjusted to a less aggressive price. In certain instances the System¹¹ may adjust the limit price to a less aggressive price if otherwise provided for by Exchange Rules. For example, assume a short sale LLOO or LLOC order was entered at a price less than the NBB while a short sale circuit breaker pursuant to Regulation SHO (the “SCCB”)¹² was in effect. Pursuant to Rules 11.9(g)(5) and (6), the LLOO or LLOC order would be re-priced by the System at one minimum price variation above the NBB. If the NBB then increased, the limit price of the LLOO or LLOC would again be re-priced by the System to the less aggressive price of one minimum price variation above the new NBB. Given the foregoing, the Exchange is proposing to amend the Rule text to provide that the limit price will not update to a less aggressive price, unless otherwise provided by Exchange Rules, rather than will “never” update to a less aggressive price. Therefore, the proposed change is intended to provide

¹⁰ Id.

¹¹ See Exchange Rule 1.5(aa).

¹² See 17 CFR 242.201; Securities Exchange Act Release No. 61595 (February 26, 2010), 75 FR 11232 (March 10, 2010)

that LLOO or LLOC orders may be re-priced if otherwise provided by Exchange Rules, such as pursuant to the Reg SHO price sliding.

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.¹³

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

Specifically, the Exchange believes that extending the Closing Auction Cutoff for submitting on close orders will allow market participants to retain control over their orders for a longer period of time, and thereby assist those market participants in managing their trading at the close. While the Exchange currently has a Closing Auction Cutoff of 3:55 p.m., the Exchange does not believe five minutes is necessary for market

¹³ 15 U.S.C. 78f(b).

¹⁴ 15 U.S.C. 78f(b)(5).

¹⁵ Id.

participants to respond to and offset imbalances. In fact, in the Commission’s approval order for a similar proposal by the Nasdaq Stock Market, LLC (“Nasdaq”),¹⁶ the Commission stated that it “believes that extending these cutoff times would allow Exchange participants to retain flexibility with respect to entering, modifying, and cancelling their on close orders until a later time, while still providing time for Exchange participants to react and resolve imbalances in the Nasdaq Closing Cross.”¹⁷ Further, the Commission stated that it believes Nasdaq’s proposal could encourage participation in the Nasdaq Closing Cross by market participants who are unwilling to give up flexibility and control over their on close orders at 3:50 p.m. The Exchange believes that market participants would be better served if the Closing Auction Cutoff was extended to 3:59 p.m. so that the period of time where market participants have limited control over their orders is reduced. The Exchange believes that this will reduce risk for market participants that participate in the Exchange’s Closing Auction, and improve price discovery by facilitating additional participation by market participants that may not be willing to lose control over their on close interest for five minutes.

The Exchange further believes that the proposal to extend the Closing Auction Cutoff would remove impediments to and perfect the mechanism of free and open markets and a national market system because it would more closely align the Exchange’s Closing Auction Cutoff time with those of another equity exchange. For example, Arca already uses a 3:59 p.m. cutoff for regular MOC/LOC order entry in its

¹⁶ See Securities Exchange Act No. 84454 (October 19, 2018) 83 FR 53923 (October 25, 2018) (SR-NASDAQ-2018-068) (Order Approving Proposed Rule Change, as Modified by Amendment No. 1, To Extend the Cutoff Times for Accepting on Close Orders Entered for Participation in the Nasdaq Closing Cross and to Make Related Changes).

¹⁷ Nasdaq proposed to extend the cutoff time from 3:50 p.m. to 3:55 p.m.

closing auction and the Exchange believes that this cutoff time reflects the efficiency and more automated nature of trading in today's market.¹⁸ The Exchange, therefore, believes that there is sufficient precedent in the industry for extending the Closing Auction Cutoff time to 3:59 p.m. as proposed. The Exchange also believes that the proposal would promote just and equitable principles of trade because the proposed rule change would not alter the basic operations of the Exchange's closing procedures. Rather, the proposed rule change would provide more time for order entry and cancellation leading into the close.

The Exchange's proposal to amend Rules 11.23(a)(11) and (12) to provide that a limit price will not be adjusted to a less aggressive price, rather than never be adjusted to a less aggressive price will clarify how the System handles LLOC and LLOO orders in conjunction with other applicable Exchange Rules. As noted above, in certain instances, such as when a short sale LLOC or LLOO order is entered during a SSCB, the System may re-price the order pursuant to Exchange Rules 11.9(g)(5) and (6). Therefore, the Exchange believes that amending Rules 11.23(a)(11) and (12) to provide that the limit price will not update to a less aggressive price, unless otherwise provided by Exchange Rules, will increase transparency around the operation of the Exchange to the benefit of all market participants. Therefore, the proposed change is intended only to clarify the Exchange Rules.

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

The Exchange does not believe that the proposed rule change will impose any burden on intermarket or intramarket competition not necessary or appropriate in

¹⁸ See Arca Rule 7.35-E(d)(2).

furtherance of the purposes of the Act. Rather, the Exchange believes that the proposed rule change is evidence of the competitive forces in the equities markets. The Exchange currently uses a 3:55 p.m. Closing Auction Cutoff, which results in a five-minute period where participants in the Closing Auction no longer have the ability to enter additional MOC/LOC Orders, and have limited ability to interact with their already entered orders. Other exchanges, such as Arca, have adopted a shorter cutoff period.¹⁹ The Exchange believes that the market participants that trade in the Exchange's Closing Auction would similarly benefit from a later Closing Auction Cutoff. The proposed cutoff time would apply equally to all market participants, and reflects the current market environment where trading is increasingly more automated and efficient, and where competing exchanges already offer a later cutoff time than those currently in place on the Exchange.

The Exchange believes the change to the definition of LLOC and LLOO as provided in Exchange Rules 11.23(a)(11) and (12) will have no impact on competition, as it is intended to clarify that such orders will not update to a less aggressive price unless otherwise provided by Exchange Rules.

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

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

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds

¹⁹ Id.

such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

- A. by order approve or disapprove such proposed rule change, or
- B. institute proceedings to determine whether the proposed rule change should be 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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CboeBZX-2021-023 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-2021-023. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed

with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CboeBZX-2021-023 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁰

Secretary

²⁰ 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 11.23. Auctions

(a) Definitions

(1)-(10) No change.

(11) The term “Late-Limit-On-Close” or “LLOC” shall mean a BZX limit order that is designated for execution only in the Closing Auction. To the extent a LLOC bid or offer received by the Exchange has a limit price that is more aggressive than the NBB or NBO, the price of such bid or offer is adjusted to be equal to the NBB or NBO, respectively, at the time of receipt by the Exchange. Where the NBB or NBO becomes more aggressive, the limit price of the LLOC bid or offer will be adjusted to the more aggressive price, only to the extent that the more aggressive price is not more aggressive than the original User entered limit price. The limit price will [never]not be adjusted to a less aggressive price, unless otherwise provided by Exchange Rules. If there is no NBB or NBO, the LLOC bid or offer, respectively, will assume its entered limit price.

(12) The term “Late-Limit-On-Open” or “LLOO” shall mean a BZX limit order that is designated for execution only in the Opening Auction. To the extent a LLOO bid or offer received by the Exchange has a limit price that is more aggressive than the NBB or NBO, the price of such bid or offer is adjusted to be equal to the NBB or NBO, respectively, at the time of receipt by the Exchange. Where the NBB or NBO becomes more aggressive, the limit price of the LLOO bid or offer will be adjusted to the more aggressive price, only to the extent that the more aggressive price is not more aggressive than the original User entered limit price. The limit price will [never]not be adjusted to a less aggressive price, unless otherwise provided by Exchange Rules. If there is no NBB or NBO, the LLOO bid or offer, respectively, will assume its entered limit price. Notwithstanding the foregoing, a LLOO order entered during the Quote-Only Period of an IPO will be converted to a limit order with a limit price equal to the original User entered limit price and any LLOO orders not executed in their entirety during the IPO Auction will be cancelled upon completion of the IPO Auction.

(13)-(23) No change.

(b) No change.

(c) *Closing Auction*

(1) Order Entry and Cancellation Before Closing Auction

(A) Users may submit orders to the Exchange as set forth in Rule 11.1. Any Eligible Auction Orders designated for the Closing Auction will be queued until 4:00 p.m. at which time they will be eligible to be executed in the Closing Auction. Users may submit LOC and MOC orders until 3:5[5]9 p.m., at which point any additional LOC and MOC orders submitted will be rejected. Unlike in the Opening Auction, User submitted Market RHO orders will be accepted immediately prior to the Closing Auction. Users may submit LLOC orders between 3:5[5]9 p.m. and 4:00 p.m. Any LLOC orders submitted before 3:5[5]9 p.m. or after 4:00 p.m. will be rejected.

(B) Eligible Auction Orders designated for the Closing Auction may not be cancelled between 3:5[5]9 p.m. and 4:00 p.m.

(C) Orders eligible for execution during Regular Trading Hours may be cancelled at any time prior to execution.

(2)-(3) No change.

(d)-(i) No change.

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