

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 25	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2021 - * 035	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 checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>
			Section 19(b)(3)(B) * <input type="checkbox"/>	
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 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) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>		Section 3C(b)(2) * <input type="checkbox"/>	
Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>			
<b>Description</b>				
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).				
The Exchange proposes to amend its process for re-opening securities listed on other national securities exchanges following the resumption of trading after a halt, suspension, or pause during the Early Trading Session, Pre-Opening Session, or After Hours Session.				
<b>Contact Information</b>				
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 *	stsdman@cboe.com			
Telephone *	(913) 815-7203	Fax	<input type="text"/>	
<b>Signature</b>				
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	04/26/2021	VP, Associate General Counsel		
By	Kyle Murray	<input type="text"/>		
(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.				
<input type="button" value="kmurray@cboe.com"/>				

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

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

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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.

1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> Cboe BZX Exchange, Inc. (“BZX” or the “Exchange”) is filing with the Securities and Exchange Commission (the “Commission”) a proposed rule change to amend the Exchange’s process for re-opening securities listed on other national securities exchanges following the resumption of trading after a halt, suspension, or pause during the Early Trading Session, Pre-Opening Session, or After Hours Trading Session. The text of the proposed rule change is enclosed as Exhibit 5. The text of the proposed rule change is available on the Exchange’s website at <http://markets.cboe.com/>, at the Exchange’s principal office and at the Public Reference Room of the Commission.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

(a) The Exchange’s President (or designee) pursuant to delegated authority approved the proposed rule change on April 26, 2021.

(b) Please refer questions and comments on the proposed rule change to Patrick Sexton, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-7462, or Sarah Tadtman, Counsel, (913) 815-7203.

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

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

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 amend the Exchange's process for re-opening securities listed on other national securities exchanges following the resumption of trading after a halt, suspension, or pause during the Early Trading Session,<sup>3</sup> Pre-Opening Session,<sup>4</sup> or After Hours Trading Session.<sup>5</sup> BZX Rule 11.24 describes the Exchange's opening process for securities listed on other national securities exchanges, including the process for re-opening such securities following the resumption of trading after a halt, suspension, or pause. On November 5, 2020, the Exchange filed a proposed rule change to amend its re-opening process pursuant to BZX Rule 11.24 for securities listed on the New York Stock Exchange LLC ("NYSE") following the resumption of trading after a halt, suspension, or pause during the Early Trading Session, Pre-Opening Session, or After Hours Trading Session.<sup>6</sup> That filing was approved by the Commission on December 28, 2020.<sup>7</sup> The Exchange now proposes to further amend BZX Rule 11.24 to adopt a harmonized re-opening process for securities listed on NYSE ("Tape A"), securities listed on exchanges other than The Nasdaq Stock Market LLC

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<sup>3</sup> The term "Early Trading Session" means the time between 7:00 a.m. and 8:00 a.m. Eastern Time. See BZX Rule 1.5(ee).

<sup>4</sup> The term "Pre-Opening Session" means the time between 8:00 a.m. and 9:30 a.m. Eastern Time. See BZX Rule 1.5(r).

<sup>5</sup> The term "After Hours Trading Session" means the time between 4:00 p.m. and 8:00 p.m. Eastern Time. See BZX Rule 1.5(c).

<sup>6</sup> See Securities Exchange Act Release No. 90420 (November 13, 2020), 85 FR 73832 (November 19, 2020) (SR-CboeBZX-2020-083).

<sup>7</sup> See Securities Exchange Act Release No. 90804 (December 28, 2020), 86 FR 158 (January 4, 2021) (Approval Order).

(“Nasdaq”) and NYSE (“Tape B”); and securities listed on Nasdaq (“Tape C”) following the resumption of trading after a halt, suspension, or pause during the Early Trading Session, Pre-Opening Session, or After Hours Trading Session. The Exchange believes that the proposed harmonized process for Tape A, B, and C securities would simplify its procedures and provide a more effective re-opening process for securities that resume trading outside of Regular Trading Hours.<sup>8</sup>

As amended pursuant to SR-CboeBZX-2020-083, BZX Rule 11.24(e)(3) provides that during the Early Trading Session, Pre-Opening Session, or After Hours Trading Session, Tape A securities that resume trading after a halt, suspension, or pause will be automatically re-opened pursuant to the Exchange’s contingent open procedures, as described in BZX Rule 11.24(d), after one second has passed following the Exchange’s receipt of the first NBBO following such resumption of trading. This rule was adopted to automate the prior manual process that would otherwise be used to initiate the re-opening of Tape A securities when NYSE was not open for trading. Consistent with that intent, the Exchange proposed to continue to re-open Tape A securities using the same contingent open procedures that would apply when the Exchange manually initiated its re-opening process pursuant to BZX Rule 11.24(e)(2). As a result, when the Exchange re-opens Tape A securities during pre- and post-market trading sessions today, orders are handled in time sequence and placed on the BZX Book, routed, cancelled, or executed in accordance with the terms of the order. This differs from the standard processed used by the Exchange during Regular Trading Hours, where the Exchange seeks to execute

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<sup>8</sup> The term “Regular Trading Hours” means the time between 9:30 a.m. and 4:00 p.m. Eastern Time. See BZX Rule 1.5(w).

queued orders at the midpoint of the national best bid or offer (“NBBO”).<sup>9</sup> After additional consideration, the Exchange believes that market participants and investors would be better served by utilizing its standard midpoint re-opening in these circumstances as doing so would promote greater consistency with the process used by the Exchange in other circumstances and may generally provide executions that better reflect the applicable market for the security.

The Exchange therefore proposes to amend BZX Rule 11.24(e) such that the process for re-opening Tape A securities after the Exchange has determined to initiate a re-opening would generally mirror the standard process described in BZX Rule 11.24(e)(1), which as discussed is designed to provide an execution at the midpoint of the NBBO. The determination of *whether* to re-open such Tape A securities would, however, continue to follow the process discussed in SR-CboeBZX-2020-083. Thus, during the Early Trading Session, Pre-Opening Session, or After Hours Trading Session, the re-opening process for Tape A securities would occur at the midpoint of the NBBO after one second has passed following the Exchange’s receipt of the first NBBO following the resumption of trading after a halt, suspension, or pause. Although the Exchange has determined to use a midpoint re-opening process similar to that currently described in BZX Rule 11.24(e)(1), for the reasons discussed in SR-CboeBZX-2020-083, it remains important that the trigger for initiating this process outside of Regular Trading Hours not be tied to the resumption of trading on the primary listing market as NYSE does not trade its listed securities at times when the Exchange is open for pre- and post- market trading.

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<sup>9</sup> See BZX Rule 11.24(e)(1).

In addition, the Exchange proposes to amend the process for re-opening Tape B and C securities to mirror the proposed process for Tape A securities, except that the Exchange would require the primary listing market to have begun quoting the security before it initiates its own re-opening process. As explained in SR-CboeBZX-2020-083, the Exchange amended BZX Rule 11.24 to permit Tape A securities listed on NYSE to re-open based on quoting activity on other national securities exchanges during pre- and post-market trading when NYSE does not trade its listed securities. However, this limitation does not exist for Tape B or C securities as the applicable primary listing markets for those securities each offer pre- and post-market trading sessions where market participants can trade their listed securities.<sup>10</sup> As a result, the Exchange believes that it is desirable for Tape B and C securities to be opened on the Exchange only *after* the primary listing exchange has begun trading its listed securities, consistent with the current BZX Rule 11.24(e), which would continue to be applied during Regular Trading Hours. However, similar to the proposed process for re-opening Tape A securities, the Exchange would simplify the triggers for re-opening trading pursuant to BZX Rule 11.24(e)(1) such that its re-opening process for Tape B and C securities during the Early Trading Session, Pre-Opening Session, and After Hours Trading Session would occur at the midpoint of the NBBO after one second has passed following the publication of the first two-sided quotation by the listing exchange following the resumption of trading after a halt, suspension, or pause. In its effort to simplify the re-opening process employed during these timeframes, the Exchange would not retain a separate trigger to allow the re-

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<sup>10</sup> See Nasdaq Rules, Equity 1, Section 1(a)(9); NYSE Arca, Inc. Rule 7.34-E(a); NYSE American LLC Rule 7.34E(a).

opening process to be initiated immediately when the Exchange receives both a two-sided quotation and a trade from the listing exchange.

Finally, the Exchange proposes to make a number of structural changes to BZX Rule 11.24(e) to facilitate the amendments described above. First, the Exchange proposes to structure BZX Rule 11.24(e)(1) such that it would contain subparagraphs (A), (B), and (C), which each would describe applicable differences between the Exchange's opening process at the beginning of the Regular Trading Session, as described in BZX Rule 11.24(a)(2) and (b), and the re-opening process employed by the Exchange after a halt. As amended, (1) BZX Rule 11.24(e)(1)(A) would describe the types of orders that are eligible for participation in the re-opening process; (2) BZX Rule 11.24(e)(2)(B) would describe the Exchange's current re-opening process, which the Exchange now proposes to limit to Regular Trading Hours; and (3) BZX Rule 11.24(e)(2)(C) would contain language discussed above that describes the Exchange's re-opening process during the Early Trading Session, Pre-Opening Session, or After Hour Trading Session, *i.e.*, for Tape A, B, and C securities.<sup>11</sup> Second, the Exchange proposes to amend BZX Rule 11.24(e)(2) to reflect the changes discussed above. As amended, the lead in to BZX Rule 11.24(e)(2) would state that this section applies where the conditions required to establish the price of the re-opening process in the now restructured BZX Rule 11.24(e)(1)(B) or

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<sup>11</sup> The Exchange would also eliminate BZX Rule 11.24(e)(3), which currently addresses the re-opening of Tape A securities listed on NYSE during pre- and post-market trading. As discussed, the Exchange is proposing to harmonize the process for re-opening Tape A, B, and C securities outside of Regular Trading Hours, and the harmonized process discussed in this proposed rule change would be described in BZX Rule 11.24(e)(2)(C).



(C) have not occurred, which reflects the now renumbered sections of the rule, including language that is in current BZX Rule 11.24(e)(1) and BZX Rule 11.24(e)(3).<sup>12</sup>

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the requirements of Section 6(b) of the Act,<sup>13</sup> in general, and Section 6(b)(5) of the Act,<sup>14</sup> in particular, in that it is designed to remove impediments to and perfect the mechanism of a free and open market and a national market system, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest and not to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest as it would implement a streamlined process for re-opening Tape A, B, and C securities during the Early Trading Session, Pre-Opening Session, or After Hours Trading Session.

The Exchange currently employs different processes for re-opening Tape A, B, and C securities during pre- and post-market trading. The Exchange believes, however, that market participants would be better served by a harmonized process that: (1) ensures that the Exchange's automated re-opening process executes orders at the midpoint of the NBBO; and (2) eliminates unnecessary distinctions between the process utilized for Tape

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<sup>12</sup> The Exchange would also eliminate language that states that this section applies when the security has not otherwise been re-opened for trading on the Exchange pursuant to BZX Rule 11.24(e)(3). As discussed, the content of BZX rule 11.24(e)(3) would be moved to BZX Rule 11.24(e)(1)(C) with further amendments as discussed herein.

<sup>13</sup> 15 U.S.C. § 78f(b).

<sup>14</sup> 15 U.S.C. § 78f(b)(5).

A, B, and C securities. Executing the Exchange's re-opening process during pre- and post-market trading at the midpoint of the NBBO is beneficial to market participants as the NBBO midpoint may more closely reflect market prices and conditions for the security being re-opened. As a result, the Exchange believes that using the NBBO midpoint to price its re-opening process for all securities would help to promote a fair and orderly market. In addition, using generally consistent triggers for initiating the Exchange's re-opening process in Tape A, B, and C securities that resume trading during pre- and post-market trading sessions would reduce the overall complexity of the re-opening process employed during these timeframes. The Exchange notes, however, that it would nevertheless require the primary listing market to begin trading its own securities prior to re-opening trading on the Exchange in Tape B and C securities. This limitation would not apply to Tape A securities that NYSE does not trade outside of its regular trading session as doing so would require unnecessary and inefficient manual intervention by the Exchange to manually initiate trading, as was the case prior to the filing and Commission approval of SR-CboeBZX-2020-083. The Exchange believes that this distinction continues to be appropriate as it is based on applicable differences between each primary listing market's hours of operation and would continue to promote a more streamlined automated process for initiating the re-opening process in Tape A securities at times when NYSE does not trade its own listed securities.

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

The Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is designed to facilitate a more efficient and

harmonized re-opening process for all securities that resume trading outside of Regular Trading Hours, and is not designed to address any competitive issues. All members would have their orders handled in the same manner based on the proposed changes to the Exchange's re-opening process, and other national securities exchanges are free to adopt the same or similar processes if they believe that the proposed process is beneficial for their own members. The Exchange therefore does not believe that the proposed rule change would have any significant impact on competition.

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

No written comments were solicited or received on the proposed rule change.

6. Extension of Time Period for Commission Action

Not applicable.

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

Not applicable.

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

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

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

Not applicable.

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

Not applicable.

11. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Federal Register.

Exhibit 5 – Text of the Proposed Rule Change

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CboeBZX-2021-035]

[Insert date]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change Relating to the Exchange’s Process for Re-Opening Securities Listed on other National Securities Exchanges Following the Resumption of Trading After a Halt, Suspension, or Pause During the Early Trading Session, Pre-Opening Session, or After Hours Trading Session

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 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**

The Exchange proposes a rule change is to amend the Exchange’s process for re-opening securities listed on other national securities exchanges following the resumption of trading after a halt, suspension, or pause during the Early Trading Session, Pre-Opening Session, or After Hours Trading Session.

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

<sup>2</sup> 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/](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 amend the Exchange's process for re-opening securities listed on other national securities exchanges following the resumption of trading after a halt, suspension, or pause during the Early Trading Session,<sup>3</sup> Pre-Opening Session,<sup>4</sup> or After Hours Trading Session.<sup>5</sup> BZX Rule 11.24 describes the Exchange's opening process for securities listed on other national securities exchanges, including the process for re-opening such securities following the resumption of trading after a halt, suspension, or pause. On November 5, 2020, the Exchange filed a

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<sup>3</sup> The term "Early Trading Session" means the time between 7:00 a.m. and 8:00 a.m. Eastern Time. See BZX Rule 1.5(ee).

<sup>4</sup> The term "Pre-Opening Session" means the time between 8:00 a.m. and 9:30 a.m. Eastern Time. See BZX Rule 1.5(r).

<sup>5</sup> The term "After Hours Trading Session" means the time between 4:00 p.m. and 8:00 p.m. Eastern Time. See BZX Rule 1.5(c).

proposed rule change to amend its re-opening process pursuant to BZX Rule 11.24 for securities listed on the New York Stock Exchange LLC (“NYSE”) following the resumption of trading after a halt, suspension, or pause during the Early Trading Session, Pre-Opening Session, or After Hours Trading Session.<sup>6</sup> That filing was approved by the Commission on December 28, 2020.<sup>7</sup> The Exchange now proposes to further amend BZX Rule 11.24 to adopt a harmonized re-opening process for securities listed on NYSE (“Tape A”), securities listed on exchanges other than The Nasdaq Stock Market LLC (“Nasdaq”) and NYSE (“Tape B”); and securities listed on Nasdaq (“Tape C”) following the resumption of trading after a halt, suspension, or pause during the Early Trading Session, Pre-Opening Session, or After Hours Trading Session. The Exchange believes that the proposed harmonized process for Tape A, B, and C securities would simplify its procedures and provide a more effective re-opening process for securities that resume trading outside of Regular Trading Hours.<sup>8</sup>

As amended pursuant to SR-CboeBZX-2020-083, BZX Rule 11.24(e)(3) provides that during the Early Trading Session, Pre-Opening Session, or After Hours Trading Session, Tape A securities that resume trading after a halt, suspension, or pause will be automatically re-opened pursuant to the Exchange’s contingent open procedures, as described in BZX Rule 11.24(d), after one second has passed following the Exchange’s receipt of the first NBBO following such resumption of trading. This rule was adopted to

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<sup>6</sup> See Securities Exchange Act Release No. 90420 (November 13, 2020), 85 FR 73832 (November 19, 2020) (SR-CboeBZX-2020-083).

<sup>7</sup> See Securities Exchange Act Release No. 90804 (December 28, 2020), 86 FR 158 (January 4, 2021) (Approval Order).

<sup>8</sup> The term “Regular Trading Hours” means the time between 9:30 a.m. and 4:00 p.m. Eastern Time. See BZX Rule 1.5(w).

automate the prior manual process that would otherwise be used to initiate the re-opening of Tape A securities when NYSE was not open for trading. Consistent with that intent, the Exchange proposed to continue to re-open Tape A securities using the same contingent open procedures that would apply when the Exchange manually initiated its re-opening process pursuant to BZX Rule 11.24(e)(2). As a result, when the Exchange re-opens Tape A securities during pre- and post-market trading sessions today, orders are handled in time sequence and placed on the BZX Book, routed, cancelled, or executed in accordance with the terms of the order. This differs from the standard process used by the Exchange during Regular Trading Hours, where the Exchange seeks to execute queued orders at the midpoint of the national best bid or offer (“NBBO”).<sup>9</sup> After additional consideration, the Exchange believes that market participants and investors would be better served by utilizing its standard midpoint re-opening in these circumstances as doing so would promote greater consistency with the process used by the Exchange in other circumstances and may generally provide executions that better reflect the applicable market for the security.

The Exchange therefore proposes to amend BZX Rule 11.24(e) such that the process for re-opening Tape A securities after the Exchange has determined to initiate a re-opening would generally mirror the standard process described in BZX Rule 11.24(e)(1), which as discussed is designed to provide an execution at the midpoint of the NBBO. The determination of *whether* to re-open such Tape A securities would, however, continue to follow the process discussed in SR-CboeBZX-2020-083. Thus, during the Early Trading Session, Pre-Opening Session, or After Hours Trading Session, the re-

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<sup>9</sup> See BZX Rule 11.24(e)(1).



opening process for Tape A securities would occur at the midpoint of the NBBO after one second has passed following the Exchange's receipt of the first NBBO following the resumption of trading after a halt, suspension, or pause. Although the Exchange has determined to use a midpoint re-opening process similar to that currently described in BZX Rule 11.24(e)(1), for the reasons discussed in SR-CboeBZX-2020-083, it remains important that the trigger for initiating this process outside of Regular Trading Hours not be tied to the resumption of trading on the primary listing market as NYSE does not trade its listed securities at times when the Exchange is open for pre- and post- market trading.

In addition, the Exchange proposes to amend the process for re-opening Tape B and C securities to mirror the proposed process for Tape A securities, except that the Exchange would require the primary listing market to have begun quoting the security before it initiates its own re-opening process. As explained in SR-CboeBZX-2020-083, the Exchange amended BZX Rule 11.24 to permit Tape A securities listed on NYSE to re-open based on quoting activity on other national securities exchanges during pre- and post-market trading when NYSE does not trade its listed securities. However, this limitation does not exist for Tape B or C securities as the applicable primary listing markets for those securities each offer pre- and post-market trading sessions where market participants can trade their listed securities.<sup>10</sup> As a result, the Exchange believes that it is desirable for Tape B and C securities to be opened on the Exchange only *after* the primary listing exchange has begun trading its listed securities, consistent with the current BZX Rule 11.24(e), which would continue to be applied during Regular Trading

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<sup>10</sup> See Nasdaq Rules, Equity 1, Section 1(a)(9); NYSE Arca, Inc. Rule 7.34-E(a); NYSE American LLC Rule 7.34E(a).

Hours. However, similar to the proposed process for re-opening Tape A securities, the Exchange would simplify the triggers for re-opening trading pursuant to BZX Rule 11.24(e)(1) such that its re-opening process for Tape B and C securities during the Early Trading Session, Pre-Opening Session, and After Hours Trading Session would occur at the midpoint of the NBBO after one second has passed following the publication of the first two-sided quotation by the listing exchange following the resumption of trading after a halt, suspension, or pause. In its effort to simplify the re-opening process employed during these timeframes, the Exchange would not retain a separate trigger to allow the re-opening process to be initiated immediately when the Exchange receives both a two-sided quotation and a trade from the listing exchange.

Finally, the Exchange proposes to make a number of structural changes to BZX Rule 11.24(e) to facilitate the amendments described above. First, the Exchange proposes to structure BZX Rule 11.24(e)(1) such that it would contain subparagraphs (A), (B), and (C), which each would describe applicable differences between the Exchange's opening process at the beginning of the Regular Trading Session, as described in BZX Rule 11.24(a)(2) and (b), and the re-opening process employed by the Exchange after a halt. As amended, (1) BZX Rule 11.24(e)(1)(A) would describe the types of orders that are eligible for participation in the re-opening process; (2) BZX Rule 11.24(e)(2)(B) would describe the Exchange's current re-opening process, which the Exchange now proposes to limit to Regular Trading Hours; and (3) BZX Rule 11.24(e)(2)(C) would contain language discussed above that describes the Exchange's re-opening process during the Early Trading Session, Pre-Opening Session, or After Hour Trading Session, *i.e.*, for

Tape A, B, and C securities.<sup>11</sup> Second, the Exchange proposes to amend BZX Rule 11.24(e)(2) to reflect the changes discussed above. As amended, the lead in to BZX Rule 11.24(e)(2) would state that this section applies where the conditions required to establish the price of the re-opening process in the now restructured BZX Rule 11.24(e)(1)(B) or (C) have not occurred, which reflects the now renumbered sections of the rule, including language that is in current BZX Rule 11.24(e)(1) and BZX Rule 11.24(e)(3).<sup>12</sup>

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the requirements of Section 6(b) of the Act,<sup>13</sup> in general, and Section 6(b)(5) of the Act,<sup>14</sup> in particular, in that it is designed to remove impediments to and perfect the mechanism of a free and open market and a national market system, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest and not to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest as it would implement a streamlined process for re-opening Tape A, B, and C securities during the Early Trading Session, Pre-Opening Session, or After Hours Trading Session.

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<sup>11</sup> The Exchange would also eliminate BZX Rule 11.24(e)(3), which currently addresses the re-opening of Tape A securities listed on NYSE during pre- and post-market trading. As discussed, the Exchange is proposing to harmonize the process for re-opening Tape A, B, and C securities outside of Regular Trading Hours, and the harmonized process discussed in this proposed rule change would be described in BZX Rule 11.24(e)(2)(C).

<sup>12</sup> The Exchange would also eliminate language that states that this section applies when the security has not otherwise been re-opened for trading on the Exchange pursuant to BZX Rule 11.24(e)(3). As discussed, the content of BZX rule 11.24(e)(3) would be moved to BZX Rule 11.24(e)(1)(C) with further amendments as discussed herein.

<sup>13</sup> 15 U.S.C. § 78f(b).

<sup>14</sup> 15 U.S.C. § 78f(b)(5).

The Exchange currently employs different processes for re-opening Tape A, B, and C securities during pre- and post-market trading. The Exchange believes, however, that market participants would be better served by a harmonized process that: (1) ensures that the Exchange's automated re-opening process executes orders at the midpoint of the NBBO; and (2) eliminates unnecessary distinctions between the process utilized for Tape A, B, and C securities. Executing the Exchange's re-opening process during pre- and post-market trading at the midpoint of the NBBO is beneficial to market participants as the NBBO midpoint may more closely reflect market prices and conditions for the security being re-opened. As a result, the Exchange believes that using the NBBO midpoint to price its re-opening process for all securities would help to promote a fair and orderly market. In addition, using generally consistent triggers for initiating the Exchange's re-opening process in Tape A, B, and C securities that resume trading during pre- and post-market trading sessions would reduce the overall complexity of the re-opening process employed during these timeframes. The Exchange notes, however, that it would nevertheless require the primary listing market to begin trading its own securities prior to re-opening trading on the Exchange in Tape B and C securities. This limitation would not apply to Tape A securities that NYSE does not trade outside of its regular trading session as doing so would require unnecessary and inefficient manual intervention by the Exchange to manually initiate trading, as was the case prior to the filing and Commission approval of SR-CboeBZX-2020-083. The Exchange believes that this distinction continues to be appropriate as it is based on applicable differences between each primary listing market's hours of operation and would continue to promote

a more streamlined automated process for initiating the re-opening process in Tape A securities at times when NYSE does not trade its own listed securities.

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

The Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is designed to facilitate a more efficient and harmonized re-opening process for all securities that resume trading outside of Regular Trading Hours, and is not designed to address any competitive issues. All members would have their orders handled in the same manner based on the proposed changes to the Exchange's re-opening process, and other national securities exchanges are free to adopt the same or similar processes if they believe that the proposed process is beneficial for their own members. The Exchange therefore does not believe that the proposed rule change would have any significant impact on competition.

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

No written comments were solicited or received 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 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](mailto:rule-comments@sec.gov). Please include File Number SR-CboeBZX-2021-035 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-2021-035. 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-2021-035 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.<sup>15</sup>

Secretary

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<sup>15</sup> 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Proposed new language is underlined; proposed deletions are in [brackets].

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

\* \* \*

Rule 11.24 Opening Process for Non-BZX-Listed Securities

\* \* \*

(e) Re-Opening After a Halt. While a non-BZX-listed security is subject to a halt, suspension, or pause in trading, other than a halt initiated pursuant to Rule 11.18(b)(2) following a Level 3 Market Decline, the Exchange will accept orders for queuing prior to the resumption of trading in the security for participation in the Re-Opening Process.

(1) The Re-Opening Process will occur in the same manner described in paragraphs (a)(2) and (b) above, with the following exceptions:

([1]A) [n]Non-RHO orders will be eligible for participation in the Re-Opening Process, but IOC, FOK, BZX Post Only Orders, and Minimum Quantity Orders will be cancelled or rejected, as applicable, and any ISO that is not IOC or FOK will be converted into a non-ISO and be queued for participation in the Re-Opening Process; [and]

([2]B) During Regular Trading Hours, the Re-Opening Process will occur at the midpoint of the: (i) first NBBO subsequent to the first reported trade and first two-sided quotation on the listing exchange following the resumption of trading after a halt, suspension, or pause; or (ii) NBBO when the first two-sided quotation is published by the listing exchange following the resumption of trading after a halt, suspension, or pause if no first trade is reported by the listing exchange within one second of publication of the first two-sided quotation by the listing exchange[.]; and

(C) During the Early Trading Session, Pre-Opening Session, or After Hours Trading Session, the Re-Opening Process will occur at the midpoint of the NBBO after one second has passed following: (i) for Tape A securities, the Exchange's receipt of the first NBBO following the resumption of trading after a halt, suspension, or pause; or (ii) for Tape B and C securities, the publication of the first two-sided quotation by the listing exchange



following the resumption of trading after a halt, suspension, or pause.

(2) Where [neither of] the conditions required to establish the price of the Re-Opening Process in paragraph (e)(1)(B) or (C) above have not occurred, [and the security has not otherwise been re-opened for trading on the Exchange pursuant to paragraph (3) below,] the security may be opened for trading at the discretion of the Exchange. Where the security is opened by the Exchange subject to this discretion, orders will be handled in the same manner described in paragraph (d) above.

[(3) During the Early Trading Session, Pre-Opening Session, or After Hours Trading Session, NYSE-listed securities that resume trading after a halt, suspension, or pause will be automatically re-opened in the manner described in paragraph (d) above after one second has passed following the Exchange's receipt of the first NBBO following such resumption of trading.]

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