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Page 1 of * 42		SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No. * SR 2025 - * 142 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 Section 806(e)(1) * <input type="checkbox"/>			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 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 *). <div>The Exchnage proposes to amend Rule 11.9 to permit an Intermarket Sweep Order containing a time in force other than IOC to be entered as a Non Displayed Order.</div>					
<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 * Courtney Last Name * Smith Title * Senior Counsel E-mail * csmith@cboe.com Telephone * (913) 815-7046 Fax					
<b>Signature</b> Pursuant to the requirements of the Securities Exchange of 1934, Cboe BZX Exchange, Inc. has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized. Date 11/12/2025 (Title *) By Matthew Iwamaye VP, Associate General Counsel (Name *) <div>NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.</div> <div>Matthew Iwamaye Date: 2025.11.12 11:00:33 -06'00'</div>					

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

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

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BZX-25-142 19b-4 (Non-Displayed IS

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

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BZX-25-142 Exhibit 1 (Non-Displayed

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2- Notices, Written Comments, Transcripts, Other Communications**

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

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Exhibit Sent As Paper Document

**Exhibit 3 - Form, Report, or Questionnaire**

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

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Exhibit Sent As Paper Document

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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BZX-25-142 Exhibit 5 (Non-Displayed

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

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

(a) Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) proposes to amend Rule 11.9(d) to permit an Intermarket Sweep Order containing a time-in-force other than IOC to be entered as a Non-Displayed Order. The Exchange also proposes to amend Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) in order to describe the behavior of Non-Displayed Orders. The text of the proposed rule change is provided in Exhibit 5.

(b) Not applicable.

(c) Not applicable.

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

(a) The Exchange’s President (or designee) pursuant to delegated authority approved the proposed rule change on November 11, 2025. The Exchange will implement the proposed rule change during the first half of 2026 and will announce the implementation date via Trade Desk Notice.

(b) Please refer questions and comments on the proposed rule change to Pat Sexton, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-7467, or Courtney Smith, Senior Counsel, (913) 222-4652, Cboe BZX Exchange, Inc., 433 West Van Buren Street, Chicago, Illinois 60607.

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

(a) Purpose

As part of its suite of product offerings, BZX currently offers Users the ability to enter Intermarket Sweep Orders (“ISOs”), which are limit orders for an NMS stock that meet the following requirements: (i) when routed to a trading center, the limit order is identified as an ISO; (ii) simultaneously with the routing of the limit order identified as an

ISO, one or more additional limit orders, as necessary, are routed to execute against the full displayed size of any protected bid, in the case of a limit order to sell, or the full displayed size of any protected offer, in the case of a limit order to buy, for the NMS stock with a price that is superior to the limit price of the limit order as identified as an ISO (and these additional routed orders also must be marked as ISOs).<sup>1</sup> Currently, the Exchange does not specify that ISOs may be entered as Non-Displayed Orders.<sup>2</sup> Based on User<sup>3</sup> feedback, the Exchange proposes to amend Rule 11.9(d) to permit ISOs entered with a time-in-force other than Immediate or Cancel (“IOC”)<sup>4</sup> to be entered as Non-Displayed Orders (“Non-Displayed ISOs”). In conjunction with the proposed amendment to Rule 11.9(d), the Exchange also proposes to amend Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) in order to more accurately describe the price at which a Non-Displayed Order posts to the BZX Book<sup>5</sup> and at what price a Non-Displayed Order may execute in certain situations.

### **Intermarket Sweep Orders**

The Exchange currently permits Users to submit ISOs pursuant to Rule 11.9(d). In order to be eligible for treatment as an ISO, the limit order must be marked ISO and the

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<sup>1</sup> See Regulation NMS Rule 600(a)(47).

<sup>2</sup> See Exchange Rule 11.9(c)(11). A “Non-Displayed Order” is a market or limit order that is not displayed on the Exchange.

<sup>3</sup> See Exchange Rule 1.5(cc). The term “User” shall mean any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3.

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

<sup>5</sup> See Exchange Rule 1.5(e). The term “BZX Book” shall mean the System’s electronic file of orders.

User entering the order must simultaneously route one or more additional limit orders marked “ISO,” as necessary, to away markets to execute against the full displayed size of any Protected Quotation<sup>6</sup> for the security with a price that is superior to the limit price of the ISO entered in the System.<sup>7, 8</sup> Such orders, if they meet the requirements of the foregoing sentence, may be executed at one or multiple price levels in the system without regard to Protected Quotations at away markets consistent with Regulation NMS (i.e., may trade through such quotations).<sup>9</sup> The Exchange relies on the marking of an order as an ISO order when handling such order, and thus, it is the entering Member’s responsibility, not the Exchange’s responsibility, to comply with the requirements of Regulation NMS relation to ISOs.<sup>10</sup> ISOs are not eligible for routing pursuant to Rule 11.13(b).<sup>11</sup>

The Exchange now proposes to add language to Rule 11.9(d) that states that an ISO may be entered as a displayed order or as a Non-Displayed Order (a “Non-Displayed ISO”). In addition, the Exchange proposes to introduce Rule 11.9(d)(1) that permits a Non-Displayed ISO entered with a time-in-force other than IOC to be accepted at a price that locks a Protected Quotation because the non-displayed nature of the ISO allows it to lock a Protected Quotation under Regulation NMS.<sup>12</sup> Further, the Exchange proposes to introduce Rule 11.9(d)(2) which provides that a Non-Displayed ISO entered with a time-in-force other

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<sup>6</sup> See Rule 1.5(u). The term “Protected Quotation” shall mean a quotation that is a Protected Bid or Protected Offer.

<sup>7</sup> See Exchange Rule 11.9(d).

<sup>8</sup> See Exchange Rule 1.5(aa). The term “System” shall mean the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away.

<sup>9</sup> Supra note 7.

<sup>10</sup> Id.

<sup>11</sup> Id.

<sup>12</sup> See proposed Rule 11.9(d)(1). See also, Nasdaq Equity 4, Rule 4702(b)(3)(C).

than IOC will be accepted at a price that trades through a Protected Quotation provided that a Member simultaneously routes one or more additional limit orders marked “ISO,” as necessary, to execute against the full, displayed size of any Protected Quotations in the security with a price that is superior to the limit price of the Non-Displayed ISO entered in the System. A Non-Displayed ISO will be permitted to execute through a Protected Quotation for up to one second following receipt of the order by the Exchange, subject to certain limitations.

The Exchange will also introduce rules to describe the behavior of a Non-Displayed ISO during the one second period in which the Exchange proposes to permit the Non-Displayed ISO to cross a Protected Quotation. Pursuant to proposed Rule 11.9(d)(2)(i), in the event that the Protected Quotation is unchanged after one second, the System will slide the Non-Displayed ISO pursuant to Rule 11.9(g)(4) or cancel the Non-Displayed ISO, based on User instruction. Proposed Rule 11.9(d)(2)(ii) provides that the System will immediately slide the Non-Displayed ISO pursuant to Rule 11.9(g)(4) or cancel the Non-Displayed ISO, based on User instruction, if the Protected Quotation bid becomes higher (for sell orders) or offer becomes lower (for buy orders) before the one second time period expires. The Non-Displayed ISO will remain posted at the crossing price for the entirety of the one second time period if the Protected Quotation moved lower (for sell orders) or offer moves higher (for buy orders) before the one second time period expires, pursuant to proposed Rule 11.9(d)(2)(iii). The Exchange has provided the following examples in order to illustrate the

behavior of a Non-Displayed ISO with a time-in-force other than IOC that is crossing a Protected Quotation.

### **Example 1**

The System will slide a Non-Displayed ISO pursuant to Rule 11.9(g)(4) or cancel a Non-Displayed ISO, based on User instruction, if the Protected Quotation is unchanged after one second.

**NBBO:** 10.00 x 10.05

**Order 1:** Buy 100 at 10.06 – Non-Displayed, ISO, price slide, time-in-force Day. Timestamp 12:00:00:000. Order 1 is posted to the BZX Book at a ranked price of 10.06.

**NBBO:** 10.00 x 10.05. Timestamp: 12:00:01:000

**RESULT:** Under proposed Rule 11.9(d)(2)(i), Order 1 is slid to a ranked price of 10.05 pursuant to Rule 11.9(g)(4) based on User instruction because the NBBO did not update before the one second time period expired. If, alternatively, the User had elected to have its order cancelled rather than electing price slide, Order 1 would have been cancelled at the expiration of the one second time period.

### **Example 2**

The System will slide a Non-Displayed ISO pursuant to Rule 11.9(g)(4) or cancel a Non-Displayed ISO, based on User instruction, if the Protected Quotation bid becomes

higher (for sell orders) or offer becomes lower (for buy orders) before the one second time period expires.

**NBBO:** 10.00 x 10.05

**Order 1:** Buy 100 at 10.08 – Non-Displayed, ISO, price slide, time-in-force Day.

Timestamp 12:00:00:000. Order 1 is posted to the BZX Book at a ranked price of 10.08.

**NBBO:** 10.01 x 10.07. Timestamp: 12:00:00:100

Order 1 remains posted to the BZX Book at a ranked price of 10.08.

**NBBO:** 10.01 x 10.05. Timestamp: 12:00:00:101

**RESULT:** Under proposed Rule 11.9(d)(2)(ii), Order 1 is slid to a ranked price of 10.05 pursuant to Rule 11.9(g)(4) based on User instruction because the Protected Quotation offer moved lower (from 10.07 to 10.05) before the one second time period expired. Order 1 did not slide when the Protected Quotation offer moved higher (from 10.05 to 10.07). If, alternatively, the User had elected to have its order cancelled rather than electing price slide, Order 1 would have been cancelled immediately following the Protected Quotation offer's movement from 10.07 to 10.05.

### **Example 3**

The System will slide a Non-Displayed ISO pursuant to Rule 11.9(g)(4) or cancel a Non-Displayed ISO, based on User instruction, if the Protected Quotation bid becomes



higher (for sell orders) or offer becomes lower (for buy orders) before the one second time period expires.

**NBBO:** 10.00 x 10.05

**Order 1:** Buy 100 at 10.06 – Non-Displayed, ISO, price slide, time-in-force Day.

Timestamp 12:00:00:000. Order 1 is posted to the BZX Book at a ranked price of 10.06.

**NBBO:** 10.01 x 10.07. Timestamp: 12:00:00:100

Order 1 remains posted to the BZX Book at a ranked price of 10.06.

**NBBO:** 10.01 x 10.05. Timestamp: 12:00:00:101

**RESULT:** Under proposed Rule 11.9(d)(2)(ii), Order 1 is slid to a ranked price of 10.05 pursuant to Rule 11.9(g)(4) based on User instruction because the Protected Quotation offer moved lower (from 10.07 to 10.05) before the one second time period expired. Order 1 did not slide when the Protected Quotation offer moved higher (from 10.05 to 10.07). If, alternatively, the User had elected to have its order cancelled rather than electing price slide,

Order 1 would have been cancelled immediately following the Protected Quotation offer's movement from 10.07 to 10.05.

#### **Example 4**

A Non-Displayed ISO will remain posted and ranked at the crossing price for the entirety of the one second time period if the Protected Quotation bid moves lower (for sell orders) or offer moves higher (for buy orders) before the one second time period expires.

**NBBO:** 10.00 x 10.05

**Order 1:** Buy 100 at 10.06 – Non-Displayed, ISO, price slide, time-in-force Day.  
Timestamp 12:00:00:000. Order 1 is posted to the BZX at a ranked price of 10.06.

**NBBO:** 10.01 x 10.06. Timestamp 12:00:00:500.

**RESULT:** Under proposed Rule 11.9(d)(2)(iii), Order 1 will remain posted and ranked at the crossing price (10.06) because the Protected Quotation offer moved higher (from 10.05 to 10.06) before the expiration of the one second time period.

The Exchange notes that at least one other exchange<sup>13</sup> offers the ability to submit ISOs containing a Non-Displayed instruction with a time-in-force other than IOC and does not believe that its proposal introduces a novel order type. Additionally, the Exchange's proposal to permit a Non-Displayed ISO entered with a time-in-force other than IOC to cross a Protected Quotation for up to one second following receipt by the Exchange is intended to provide clarity into the Exchange's treatment of a Non-Displayed ISO entered with a time-in-force other than IOC that crosses a Protected Quotation after the User's simultaneously routed IOC orders to away market centers did not clear the Protected Quotation. While the Exchange's proposal to permit a Non-Displayed ISO to execute at a

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<sup>13</sup> See, e.g., Nasdaq Equity 4, Rule 4702(b)(3)(C) and Nasdaq Equity 4, Rule 4703(j).

price that trades through a Protected Quotation for up to one second following receipt of the order by the Exchange may be a novel concept, the Exchange believes that it is reasonable to permit a Non-Displayed ISO with a time-in-force other than IOC to exist at a crossing price for a short period of time following receipt of the order by the Exchange due to the non-displayed nature of the order, which allows the order to lock or cross a Protected Quotation under Regulation NMS. By limiting the permissible time frame of execution at a price that would trade through a Protected Quotation, the Exchange is attempting to balance the intent of the Order Protection Rule with the characteristics of the Non-Displayed ISO that make this order type attractive to Members.

#### **Non-Displayed Order Behavior**

The Exchange currently permits orders to be entered as Non-Displayed Orders pursuant to Rule 11.9(c)(11). The Exchange now proposes to amend Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) in order to more accurately describe the price at which a Non-Displayed Order posts to the BZX Book and at what price a Non-Displayed Order may execute in certain situations. The Exchange believes the below changes to Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) are necessary in order to provide market participants with greater certainty and clarity regarding the entry and execution of orders with Non-Displayed instructions on the Exchange.<sup>14</sup>

The Exchange proposes to introduce Rule 11.9(c)(11)(A), which provides that when a Non-Displayed Order is entered, the Non-Displayed Order will be executed

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<sup>14</sup> The Exchange notes that it has introduced identical language regarding Non-Displayed Order behavior in a proposal on its affiliate exchange, Cboe EDGX Exchange, Inc. See Securities Exchange Act Release No. 104153 (September 30, 2025), 90 FR 48098 (October 3, 2025), SR-CboeEDGX-2025-072 (“EDGX RPI Proposal”).

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

The Exchange next proposes to introduce Rule 11.9(c)(11)(B), which describes the price at which a Non-Displayed Order is posted and ranked on the BZX Book in the event that it is not executed pursuant to proposed Rule 11.9(c)(11)(A). Proposed Rule 11.9(c)(11)(B)(i) provides if the limit price of a Non-Displayed Order would lock either a Protected Quotation or the BZX Book, the Non-Displayed Order will be posted on the BZX Book at the locking price and will be executed as set forth in Rule 11.13(a)(4)(C). If, however, an inbound Non-Displayed Order cannot execute due to User instruction and does not contain a price slide instruction, the Non-Displayed Order will be cancelled. An inbound Non-Displayed Order that cannot execute upon entry and contains a price slide instruction will be ranked at the locking price upon entry. Proposed Rule 11.9(c)(11)(B)(ii) provides if the limit price of the Non-Displayed Order would cross a Protected Quotation and the Non-Displayed Order contains a price slide instruction, the Non-Displayed Order will be executed as set forth in Rule 11.9(g)(4) or cancel, based on User instruction. If the entered limit price of the Non-Displayed Order would cross a Protected Quotation and the Non-Displayed Order does not contain a price slide instruction, the Non-Displayed Order will cancel or route, based on User instruction. Proposed Rule 11.9(c)(11)(B)(iii) provides in situations where there is a resting Non-

Displayed Order on the buy (sell) side of the market and an incoming Non-Displayed Order on the sell (buy) side of the market is unable to execute due to User instruction and posts to the BZX Book at a price that locks the resting Non-Displayed Order, an incoming Non-Displayed Order on the buy (sell) side of the market may execute with the resting Non-Displayed Order on the sell (buy) side of the market at the locking price ahead of the Non-Displayed Order on the buy (sell) side of the market.

In conjunction with the proposed changes to Rule 11.9(c)(11), the Exchange also proposes to amend Rule 11.13(a)(4)(C) – (D) to better describe the execution of Non-Displayed Orders in situations where a locked market exists on the BZX Book. Rule 11.13(a)(4)(C) currently states that certain orders are permitted to post and rest on the BZX Book at prices that lock contra-side liquidity, provided, however, that the System will never display a locked market. The Exchange proposes to add language to Rule 11.13(a)(4)(C) to provide that consistent with Rule 11.12, which sets forth the Exchange’s rule regarding priority of orders, Non-Displayed Orders and orders subject to display-price sliding as set forth in Rule 11.9(g)(1) (defined as the “Resting Orders”) cannot be executed pursuant to Rule 11.13 when such Resting Orders would be executed at prices equal to displayed orders on the opposite side of the market (the “Locking Price”).<sup>15</sup> The Exchange also proposes to amend Rule 11.13(a)(4)(D) to conform with the proposed changes in Rule 11.13(a)(4)(C) with regard to the use of the terms Resting Order and Locking Price. Proposed Rule 11.13(a)(4)(D) will be revised from its current

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<sup>15</sup> Any incoming order that would execute against the Resting Order at the Locking Price would receive a priority advantage over the displayed order at the Locking Price. As such, the Exchange does not execute a Resting Order against an incoming order at the Locking Price if there is also a displayed order resting on the EDGX Book at the Locking Price.

text to provide that in the event that an incoming order described in sub-paragraphs (A) and (B) is a Market Order or is a Limit Order priced more aggressively than the Locking Price of a Resting Order as described in sub-paragraph (C), the Exchange will execute the Resting Order at, in the case of a Resting Order bid, one-half minimum price variation less than the Locking Price, and, in the case of a Resting Order offer, one-half minimum price variation more than the Locking Price. Implementation

The Exchange proposes to implement the proposed functionality during the first half of 2026 and will announce the date via Trade Desk Notice.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>16</sup>

Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>17</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with

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<sup>16</sup> 15 U.S.C. 78f(b).

<sup>17</sup> 15 U.S.C. 78f(b)(5).

the Section 6(b)(5)<sup>18</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that its proposal to amend Rule 11.9(d) to permit Non-Displayed ISOs and proposed amendments to Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) in order to more accurately describe Non-Displayed Order behavior in certain situations is designed to promote just and equitable principles of trade, help to facilitate transactions in securities and remove impediments to and perfect the mechanism of a free and open market and national market system by providing Users with additional transparency into behavior of Non-Displayed Orders, including Non-Displayed ISOs entered with a time-in-force other than IOC, during locked and crossed markets.

The Exchange's proposal to permit the entry of Non-Displayed ISOs promotes just and equitable principles of trade, helps to facilitate transactions in securities, and removes impediments to and perfects the mechanism of a free and open market and national market system by providing Users with an additional manner in which to enter an ISO with a time-in-force other than IOC. While the Exchange currently supports the usage of displayed ISOs with a time-in-force other than IOC, Users have a wide variety of trading strategies that they may seek to implement across various market centers and the Exchange is seeking to add the ability for Users to enter orders in a non-displayed capacity in order to enhance the usefulness of the order type and to allow the exchange to better compete with at least one other national securities exchange that currently offers the ability to enter an ISO with a non-displayed instruction.<sup>19</sup> The Exchange notes that entering an ISO as a Non-Displayed Order

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<sup>18</sup> Id.

<sup>19</sup> Supra note 13.

is completely optional, and Users are in the best position to determine whether the proposed functionality is appropriate and consistent with a User's given trading strategy. By providing Users with this additional order type and allowing the User to decide whether the Non-Displayed ISO is an appropriate order type for the User's trading strategies, the Exchange is removing impediments to and perfecting the mechanism of a free and open marketplace.

Further, the Exchange's proposal to permit a Non-Displayed ISO entered with a time-in-force other than IOC to post to the BZX Book at a price that crosses a Protected Quotation promotes just and equitable principles of trade by allowing the System to briefly allow a crossed market in limited situations. As described in Regulation NMS, a User that enters an ISO is representing that it has also simultaneously routed one or more additional limit orders to execute against the full displayed size of any protected bid (in the case of a limit order to sell), or the full displayed size of any protected offer (in the case of a limit order to buy) for the security, which indicates that at the time that the Exchange receives the ISO, the Exchange may rely on the User's representation and execute the order at the limit price of the ISO. If an ISO contains a time-in-force other than IOC and is not filled in its entirety, the balance of the order will post to the BZX Book.

In the event that the User's simultaneously routed orders also marked ISO did not execute against the full displayed size of the protected bid (offer) due to executing against hidden liquidity, it is possible to end up in a scenario with a displayed ISO crossing a Protected Quotation. While a displayed ISO may lock or cross a Protected Quotation today, the locked or crossed market is generally resolved quickly once the NBBO updates to reflect the locked or crossed market. However, with a Non-Displayed ISO, the NBBO will not update and market participants would be unaware of a crossed market that needs to be



resolved. Thus, the Exchange has proposed to allow the non-displayed crossed market to exist for up to one second before sliding a Non-Displayed ISO to the locking price pursuant to Rule 11.9(g)(4). By allowing the crossed market to exist for up to one second, the Exchange is promoting just and equitable principles of trade by honoring the User's representation that it simultaneously routed orders to clear the full, displayed size of any Protected Quotation in the security with a price that is superior to the limit price of the Non-Displayed ISO, while also giving the market ample time to potentially resolve the crossed market. The Exchange is proposing to amend the ranked price of a Non-Displayed ISO only when the Protected Quotation moves against the price of the Non-Displayed ISO (e.g., if the Protected Quotation bid becomes higher for sell orders or the Protected Quotation offer becomes lower for buy orders). The Exchange believes that amending the ranked price of a Non-Displayed ISO if the Protected Quotation moves against the price of the Non-Displayed ISO before the expiration of the one-second period is appropriate because it shows that the crossed market is moving in a direction where the cross is unlikely to be resolved. By immediately amending the ranked price of the Non-Displayed ISO to the locking price of the crossed market if the Protected Quotation moves against the price of the Non-Displayed ISO before the one-second period expires, the Exchange believes it is promoting just and equitable principles of trade by taking immediate action to resolve the crossed market that is unlikely to resolve on its own. The Exchange's proposal to slide the Non-Displayed ISO to the locking price if the crossed market is unchanged after one second is not novel, as this price sliding behavior is already contemplated pursuant to Rule 11.9(g)(4) and simply seeks to apply an existing price sliding principle to a Non-Displayed ISO with a time-in-force other than IOC at the conclusion of the one second period.

The Exchange believes its proposal to introduce additional rule text describing the entry and execution of Non-Displayed Orders on the Exchange promotes just and equitable principles of trade by providing additional clarity and transparency to market participants on how the System processes Non-Displayed Orders. Specifically, the Exchange is providing additional information regarding the price at which a Non-Displayed Order is posted and ranked on the BZX Book when a Non-Displayed Order either locks or crosses a Protected Quotation or when a Non-Displayed Order locks the BZX Book. By introducing the proposed rule text, Users will have a better understanding of how a Non-Displayed Order is posted and ranked during certain scenarios involving locked and crossed markets, which benefits all Users and the marketplace as a whole. In addition, the Exchange believes its proposal to introduce additional rule text describing the entry and execution of Non-Displayed Orders on the Exchange is not unfairly discriminatory as all Users and market participants will be subject to the same application of the Exchange's rules and will have equal access to the Exchange rulebook.

**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 competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the Exchange's proposal to introduce a Non-Displayed ISO is a competitive response to a similar order type offered on at least one other exchange. As with other national securities exchanges, the Exchange must continually assess and improve its offerings to compete with other exchanges and market centers. The proposed rule change is indicative of this competition. Further, the Exchange does not believe that the proposed rule change would implicate any intramarket competitive concerns with

respect to its Users. The proposed ability to enter an ISO with a non-displayed instruction is completely voluntary and available to all Users on an equal and non-discriminatory basis. Rather than impede competition, the proposed rule change would provide an additional order type for Users to facilitate their trading goals.

Additionally, the proposed change regarding Non-Displayed Order entry and execution is not being made for competitive reasons, but rather to provide Users with additional clarity and transparency about what price a Non-Displayed Order is posted and ranked during certain scenarios involving locked and crossed markets.

**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.<sup>20</sup>

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<sup>20</sup> 15 U.S.C. 78s(b)(2).

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

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

Not applicable.

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

Not applicable.

**Item 11. Exhibits**

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

Exhibit 2 - 4. Not applicable.

Exhibit 5. Proposed rule text.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CboeBZX-2025-142]

[Insert date]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change to Amend Rule 11.9(d) to Permit an Intermarket Sweep Order Containing a Time-in-Force other than IOC to be Entered as a Non-Displayed Order

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**

Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) proposes to amend Rule 11.9(d) to permit an Intermarket Sweep Order containing a time-in-force other than IOC to be entered as a Non-Displayed Order. The Exchange also proposes to amend Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) in order to describe the behavior of Non-Displayed Orders. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Commission’s website (<https://www.sec.gov/rules/sro.shtml>), the Exchange’s website

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

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

([https://www.cboe.com/us/equities/regulation/rule\\_filings/bzx/](https://www.cboe.com/us/equities/regulation/rule_filings/bzx/)), and at the principal office of the Exchange.

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

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

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

#### **1. Purpose**

As part of its suite of product offerings, BZX currently offers Users the ability to enter Intermarket Sweep Orders (“ISOs”), which are limit orders for an NMS stock that meet the following requirements: (i) when routed to a trading center, the limit order is identified as an ISO; (ii) simultaneously with the routing of the limit order identified as an ISO, one or more additional limit orders, as necessary, are routed to execute against the full displayed size of any protected bid, in the case of a limit order to sell, or the full displayed size of any protected offer, in the case of a limit order to buy, for the NMS stock with a price that is superior to the limit price of the limit order as identified as an ISO (and these additional routed orders also must be marked as ISOs).<sup>3</sup> Currently, the Exchange does not specify that ISOs may be entered as Non-Displayed Orders.<sup>4</sup> Based on User<sup>5</sup> feedback, the

<sup>3</sup> See Regulation NMS Rule 600(a)(47).

<sup>4</sup> See Exchange Rule 11.9(c)(11). A “Non-Displayed Order” is a market or limit order that is not displayed on the Exchange.

<sup>5</sup> See Exchange Rule 1.5(cc). The term “User” shall mean any Member or Sponsored Participant

Exchange proposes to amend Rule 11.9(d) to permit ISOs entered with a time-in-force other than Immediate or Cancel (“IOC”)<sup>6</sup> to be entered as Non-Displayed Orders (“Non-Displayed ISOs”). In conjunction with the proposed amendment to Rule 11.9(d), the Exchange also proposes to amend Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) in order to more accurately describe the price at which a Non-Displayed Order posts to the BZX Book<sup>7</sup> and at what price a Non-Displayed Order may execute in certain situations.

### **Intermarket Sweep Orders**

The Exchange currently permits Users to submit ISOs pursuant to Rule 11.9(d). In order to be eligible for treatment as an ISO, the limit order must be marked ISO and the User entering the order must simultaneously route one or more additional limit orders marked “ISO,” as necessary, to away markets to execute against the full displayed size of any Protected Quotation<sup>8</sup> for the security with a price that is superior to the limit price of the ISO entered in the System.<sup>9, 10</sup> Such orders, if they meet the requirements of the foregoing sentence, may be executed at one or multiple price levels in the system without regard to Protected Quotations at away markets consistent with Regulation NMS (i.e., may trade

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who is authorized to obtain access to the System pursuant to Rule 11.3.

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

<sup>7</sup> See Exchange Rule 1.5(e). The term “BZX Book” shall mean the System’s electronic file of orders.

<sup>8</sup> See Rule 1.5(u). The term “Protected Quotation” shall mean a quotation that is a Protected Bid or Protected Offer.

<sup>9</sup> See Exchange Rule 11.9(d).

<sup>10</sup> See Exchange Rule 1.5(aa). The term “System” shall mean the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away.

through such quotations).<sup>11</sup> The Exchange relies on the marking of an order as an ISO order when handling such order, and thus, it is the entering Member's responsibility, not the Exchange's responsibility, to comply with the requirements of Regulation NMS relation to ISOs.<sup>12</sup> ISOs are not eligible for routing pursuant to Rule 11.13(b).<sup>13</sup>

The Exchange now proposes to add language to Rule 11.9(d) that states that an ISO may be entered as a displayed order or as a Non-Displayed Order (a "Non-Displayed ISO"). In addition, the Exchange proposes to introduce Rule 11.9(d)(1) that permits a Non-Displayed ISO entered with a time-in-force other than IOC to be accepted at a price that locks a Protected Quotation because the non-displayed nature of the ISO allows it to lock a Protected Quotation under Regulation NMS.<sup>14</sup> Further, the Exchange proposes to introduce Rule 11.9(d)(2) which provides that a Non-Displayed ISO entered with a time-in-force other than IOC will be accepted at a price that trades through a Protected Quotation provided that a Member simultaneously routes one or more additional limit orders marked "ISO," as necessary, to execute against the full, displayed size of any Protected Quotations in the security with a price that is superior to the limit price of the Non-Displayed ISO entered in the System. A Non-Displayed ISO will be permitted to execute through a Protected Quotation for up to one second following receipt of the order by the Exchange, subject to certain limitations.

The Exchange will also introduce rules to describe the behavior of a Non-Displayed ISO during the one second period in which the Exchange proposes to permit the Non-

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<sup>11</sup> Supra note 9.

<sup>12</sup> Id.

<sup>13</sup> Id.

<sup>14</sup> See proposed Rule 11.9(d)(1). See also, Nasdaq Equity 4, Rule 4702(b)(3)(C).



Displayed ISO to cross a Protected Quotation. Pursuant to proposed Rule 11.9(d)(2)(i), in the event that the Protected Quotation is unchanged after one second, the System will slide the Non-Displayed ISO pursuant to Rule 11.9(g)(4) or cancel the Non-Displayed ISO, based on User instruction. Proposed Rule 11.9(d)(2)(ii) provides that the System will immediately slide the Non-Displayed ISO pursuant to Rule 11.9(g)(4) or cancel the Non-Displayed ISO, based on User instruction, if the Protected Quotation bid becomes higher (for sell orders) or offer becomes lower (for buy orders) before the one second time period expires. The Non-Displayed ISO will remain posted at the crossing price for the entirety of the one second time period if the Protected Quotation moved lower (for sell orders) or offer moves higher (for buy orders) before the one second time period expires, pursuant to proposed Rule 11.9(d)(2)(iii). The Exchange has provided the following examples in order to illustrate the behavior of a Non-Displayed ISO with a time-in-force other than IOC that is crossing a Protected Quotation.

### **Example 1**

The System will slide a Non-Displayed ISO pursuant to Rule 11.9(g)(4) or cancel a Non-Displayed ISO, based on User instruction, if the Protected Quotation is unchanged after one second.

**NBBO:** 10.00 x 10.05

**Order 1:** Buy 100 at 10.06 – Non-Displayed, ISO, price slide, time-in-force Day.

Timestamp 12:00:00:000. Order 1 is posted to the BZX Book at a ranked price of 10.06.

**NBBO:** 10.00 x 10.05. Timestamp: 12:00:01:000

**RESULT:** Under proposed Rule 11.9(d)(2)(i), Order 1 is slid to a ranked price of 10.05 pursuant to Rule 11.9(g)(4) based on User instruction because the NBBO did not

update before the one second time period expired. If, alternatively, the User had elected to have its order cancelled rather than electing price slide, Order 1 would have been cancelled at the expiration of the one second time period.

### **Example 2**

The System will slide a Non-Displayed ISO pursuant to Rule 11.9(g)(4) or cancel a Non-Displayed ISO, based on User instruction, if the Protected Quotation bid becomes higher (for sell orders) or offer becomes lower (for buy orders) before the one second time period expires.

**NBBO:** 10.00 x 10.05

**Order 1:** Buy 100 at 10.08 – Non-Displayed, ISO, price slide, time-in-force Day.

Timestamp 12:00:00:000. Order 1 is posted to the BZX Book at a ranked price of 10.08.

**NBBO:** 10.01 x 10.07. Timestamp: 12:00:00:100

Order 1 remains posted to the BZX Book at a ranked price of 10.08.

**NBBO:** 10.01 x 10.05. Timestamp: 12:00:00:101

**RESULT:** Under proposed Rule 11.9(d)(2)(ii), Order 1 is slid to a ranked price of 10.05 pursuant to Rule 11.9(g)(4) based on User instruction because the Protected Quotation offer moved lower (from 10.07 to 10.05) before the one second time period expired. Order 1 did not slide when the Protected Quotation offer moved higher (from 10.05 to 10.07). If, alternatively, the User had elected to have its order cancelled rather than electing price slide,

Order 1 would have been cancelled immediately following the Protected Quotation offer's movement from 10.07 to 10.05.

### **Example 3**

The System will slide a Non-Displayed ISO pursuant to Rule 11.9(g)(4) or cancel a Non-Displayed ISO, based on User instruction, if the Protected Quotation bid becomes higher (for sell orders) or offer becomes lower (for buy orders) before the one second time period expires.

**NBBO:** 10.00 x 10.05

**Order 1:** Buy 100 at 10.06 – Non-Displayed, ISO, price slide, time-in-force Day.

Timestamp 12:00:00:000. Order 1 is posted to the BZX Book at a ranked price of 10.06.

**NBBO:** 10.01 x 10.07. Timestamp: 12:00:00:100

Order 1 remains posted to the BZX Book at a ranked price of 10.06.

**NBBO:** 10.01 x 10.05. Timestamp: 12:00:00:101

**RESULT:** Under proposed Rule 11.9(d)(2)(ii), Order 1 is slid to a ranked price of 10.05 pursuant to Rule 11.9(g)(4) based on User instruction because the Protected Quotation offer moved lower (from 10.07 to 10.05) before the one second time period expired. Order 1 did not slide when the Protected Quotation offer moved higher (from 10.05 to 10.07). If, alternatively, the User had elected to have its order cancelled rather than electing price slide,

Order 1 would have been cancelled immediately following the Protected Quotation offer's movement from 10.07 to 10.05.

#### **Example 4**

A Non-Displayed ISO will remain posted and ranked at the crossing price for the entirety of the one second time period if the Protected Quotation bid moves lower (for sell orders) or offer moves higher (for buy orders) before the one second time period expires.

**NBBO:** 10.00 x 10.05

**Order 1:** Buy 100 at 10.06 – Non-Displayed, ISO, price slide, time-in-force Day.

Timestamp 12:00:00:000. Order 1 is posted to the BZX at a ranked price of 10.06.

**NBBO:** 10.01 x 10.06. Timestamp 12:00:00:500.

**RESULT:** Under proposed Rule 11.9(d)(2)(iii), Order 1 will remain posted and ranked at the crossing price (10.06) because the Protected Quotation offer moved higher (from 10.05 to 10.06) before the expiration of the one second time period.

The Exchange notes that at least one other exchange<sup>15</sup> offers the ability to submit ISOs containing a Non-Displayed instruction with a time-in-force other than IOC and does not believe that its proposal introduces a novel order type. Additionally, the Exchange's proposal to permit a Non-Displayed ISO entered with a time-in-force other than IOC to cross a Protected Quotation for up to one second following receipt by the Exchange is intended to provide clarity into the Exchange's treatment of a Non-Displayed ISO entered with a time-in-force other than IOC that crosses a Protected Quotation after the User's simultaneously routed IOC orders to away market centers did not clear the Protected Quotation. While the Exchange's proposal to permit a Non-Displayed ISO to execute at a

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<sup>15</sup> See, e.g., Nasdaq Equity 4, Rule 4702(b)(3)(C) and Nasdaq Equity 4, Rule 4703(j).

price that trades through a Protected Quotation for up to one second following receipt of the order by the Exchange may be a novel concept, the Exchange believes that it is reasonable to permit a Non-Displayed ISO with a time-in-force other than IOC to exist at a crossing price for a short period of time following receipt of the order by the Exchange due to the non-displayed nature of the order, which allows the order to lock or cross a Protected Quotation under Regulation NMS. By limiting the permissible time frame of execution at a price that would trade through a Protected Quotation, the Exchange is attempting to balance the intent of the Order Protection Rule with the characteristics of the Non-Displayed ISO that make this order type attractive to Members.

#### **Non-Displayed Order Behavior**

The Exchange currently permits orders to be entered as Non-Displayed Orders pursuant to Rule 11.9(c)(11). The Exchange now proposes to amend Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) in order to more accurately describe the price at which a Non-Displayed Order posts to the BZX Book and at what price a Non-Displayed Order may execute in certain situations. The Exchange believes the below changes to Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) are necessary in order to provide market participants with greater certainty and clarity regarding the entry and execution of orders with Non-Displayed instructions on the Exchange.<sup>16</sup>

The Exchange proposes to introduce Rule 11.9(c)(11)(A), which provides that when a Non-Displayed Order is entered, the Non-Displayed Order will be executed against previously posted orders on the BZX Book that are priced equal to or better than

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<sup>16</sup> The Exchange notes that it has introduced identical language regarding Non-Displayed Order behavior in a proposal on its affiliate exchange, Cboe EDGX Exchange, Inc. See Securities Exchange Act Release No. 104153 (September 30, 2025), 90 FR 48098 (October 3, 2025), SR-CboeEDGX-2025-072 (“EDGX RPI Proposal”).

the price of the Non-Displayed Order, up to the full amount of such previously posted orders, unless such executions would trade through a Protected Quotation. Any portion of a Non-Displayed Order that cannot be executed in this manner will be posted to the BZX Book (unless the Non-Displayed Order has a time-in-force of IOC) and/or routed if it has been designated as a routable order.

The Exchange next proposes to introduce Rule 11.9(c)(11)(B), which describes the price at which a Non-Displayed Order is posted and ranked on the BZX Book in the event that it is not executed pursuant to proposed Rule 11.9(c)(11)(A). Proposed Rule 11.9(c)(11)(B)(i) provides if the limit price of a Non-Displayed Order would lock either a Protected Quotation or the BZX Book, the Non-Displayed Order will be posted on the BZX Book at the locking price and will be executed as set forth in Rule 11.13(a)(4)(C). If, however, an inbound Non-Displayed Order cannot execute due to User instruction and does not contain a price slide instruction, the Non-Displayed Order will be cancelled. An inbound Non-Displayed Order that cannot execute upon entry and contains a price slide instruction will be ranked at the locking price upon entry. Proposed Rule 11.9(c)(11)(B)(ii) provides if the limit price of the Non-Displayed Order would cross a Protected Quotation and the Non-Displayed Order contains a price slide instruction, the Non-Displayed Order will be executed as set forth in Rule 11.9(g)(4) or cancel, based on User instruction. If the entered limit price of the Non-Displayed Order would cross a Protected Quotation and the Non-Displayed Order does not contain a price slide instruction, the Non-Displayed Order will cancel or route, based on User instruction. Proposed Rule 11.9(c)(11)(B)(iii) provides in situations where there is a resting Non-Displayed Order on the buy (sell) side of the market and an incoming Non-Displayed

Order on the sell (buy) side of the market is unable to execute due to User instruction and posts to the BZX Book at a price that locks the resting Non-Displayed Order, an incoming Non-Displayed Order on the buy (sell) side of the market may execute with the resting Non-Displayed Order on the sell (buy) side of the market at the locking price ahead of the Non-Displayed Order on the buy (sell) side of the market.

In conjunction with the proposed changes to Rule 11.9(c)(11), the Exchange also proposes to amend Rule 11.13(a)(4)(C) – (D) to better describe the execution of Non-Displayed Orders in situations where a locked market exists on the BZX Book. Rule 11.13(a)(4)(C) currently states that certain orders are permitted to post and rest on the BZX Book at prices that lock contra-side liquidity, provided, however, that the System will never display a locked market. The Exchange proposes to add language to Rule 11.13(a)(4)(C) to provide that consistent with Rule 11.12, which sets forth the Exchange’s rule regarding priority of orders, Non-Displayed Orders and orders subject to display-price sliding as set forth in Rule 11.9(g)(1) (defined as the “Resting Orders”) cannot be executed pursuant to Rule 11.13 when such Resting Orders would be executed at prices equal to displayed orders on the opposite side of the market (the “Locking Price”).<sup>17</sup> The Exchange also proposes to amend Rule 11.13(a)(4)(D) to conform with the proposed changes in Rule 11.13(a)(4)(C) with regard to the use of the terms Resting Order and Locking Price. Proposed Rule 11.13(a)(4)(D) will be revised from its current text to provide that in the event that an incoming order described in sub-paragraphs (A) and (B) is a Market Order or is a Limit Order priced more aggressively than the Locking

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<sup>17</sup> Any incoming order that would execute against the Resting Order at the Locking Price would receive a priority advantage over the displayed order at the Locking Price. As such, the Exchange does not execute a Resting Order against an incoming order at the Locking Price if there is also a displayed order resting on the EDGX Book at the Locking Price.

Price of a Resting Order as described in sub-paragraph (C), the Exchange will execute the Resting Order at, in the case of a Resting Order bid, one-half minimum price variation less than the Locking Price, and, in the case of a Resting Order offer, one-half minimum price variation more than the Locking Price. Implementation

The Exchange proposes to implement the proposed functionality during the first half of 2026 and will announce the date via Trade Desk Notice.

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>18</sup>

Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>19</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>20</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

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<sup>18</sup> 15 U.S.C. 78f(b).

<sup>19</sup> 15 U.S.C. 78f(b)(5).

<sup>20</sup> Id.



In particular, the Exchange believes that its proposal to amend Rule 11.9(d) to permit Non-Displayed ISOs and proposed amendments to Rule 11.9(c)(11) and Rule 11.13(a)(4)(C) – (D) in order to more accurately describe Non-Displayed Order behavior in certain situations is designed to promote just and equitable principles of trade, help to facilitate transactions in securities and remove impediments to and perfect the mechanism of a free and open market and national market system by providing Users with additional transparency into behavior of Non-Displayed Orders, including Non-Displayed ISOs entered with a time-in-force other than IOC, during locked and crossed markets.

The Exchange's proposal to permit the entry of Non-Displayed ISOs promotes just and equitable principles of trade, helps to facilitate transactions in securities, and removes impediments to and perfects the mechanism of a free and open market and national market system by providing Users with an additional manner in which to enter an ISO with a time-in-force other than IOC. While the Exchange currently supports the usage of displayed ISOs with a time-in-force other than IOC, Users have a wide variety of trading strategies that they may seek to implement across various market centers and the Exchange is seeking to add the ability for Users to enter orders in a non-displayed capacity in order to enhance the usefulness of the order type and to allow the exchange to better compete with at least one other national securities exchange that currently offers the ability to enter an ISO with a non-displayed instruction.<sup>21</sup> The Exchange notes that entering an ISO as a Non-Displayed Order is completely optional, and Users are in the best position to determine whether the proposed functionality is appropriate and consistent with a User's given trading strategy. By providing Users with this additional order type and allowing the User to decide whether the Non-

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<sup>21</sup> Supra note 15.

Displayed ISO is an appropriate order type for the User's trading strategies, the Exchange is removing impediments to and perfecting the mechanism of a free and open marketplace.

Further, the Exchange's proposal to permit a Non-Displayed ISO entered with a time-in-force other than IOC to post to the BZX Book at a price that crosses a Protected Quotation promotes just and equitable principles of trade by allowing the System to briefly allow a crossed market in limited situations. As described in Regulation NMS, a User that enters an ISO is representing that it has also simultaneously routed one or more additional limit orders to execute against the full displayed size of any protected bid (in the case of a limit order to sell), or the full displayed size of any protected offer (in the case of a limit order to buy) for the security, which indicates that at the time that the Exchange receives the ISO, the Exchange may rely on the User's representation and execute the order at the limit price of the ISO. If an ISO contains a time-in-force other than IOC and is not filled in its entirety, the balance of the order will post to the BZX Book.

In the event that the User's simultaneously routed orders also marked ISO did not execute against the full displayed size of the protected bid (offer) due to executing against hidden liquidity, it is possible to end up in a scenario with a displayed ISO crossing a Protected Quotation. While a displayed ISO may lock or cross a Protected Quotation today, the locked or crossed market is generally resolved quickly once the NBBO updates to reflect the locked or crossed market. However, with a Non-Displayed ISO, the NBBO will not update and market participants would be unaware of a crossed market that needs to be resolved. Thus, the Exchange has proposed to allow the non-displayed crossed market to exist for up to one second before sliding a Non-Displayed ISO to the locking price pursuant to Rule 11.9(g)(4). By allowing the crossed market to exist for up to one second, the

Exchange is promoting just and equitable principles of trade by honoring the User's representation that it simultaneously routed orders to clear the full, displayed size of any Protected Quotation in the security with a price that is superior to the limit price of the Non-Displayed ISO, while also giving the market ample time to potentially resolve the crossed market. The Exchange is proposing to amend the ranked price of a Non-Displayed ISO only when the Protected Quotation moves against the price of the Non-Displayed ISO (e.g., if the Protected Quotation bid becomes higher for sell orders or the Protected Quotation offer becomes lower for buy orders). The Exchange believes that amending the ranked price of a Non-Displayed ISO if the Protected Quotation moves against the price of the Non-Displayed ISO before the expiration of the one-second period is appropriate because it shows that the crossed market is moving in a direction where the cross is unlikely to be resolved. By immediately amending the ranked price of the Non-Displayed ISO to the locking price of the crossed market if the Protected Quotation moves against the price of the Non-Displayed ISO before the one-second period expires, the Exchange believes it is promoting just and equitable principles of trade by taking immediate action to resolve the crossed market that is unlikely to resolve on its own. The Exchange's proposal to slide the Non-Displayed ISO to the locking price if the crossed market is unchanged after one second is not novel, as this price sliding behavior is already contemplated pursuant to Rule 11.9(g)(4) and simply seeks to apply an existing price sliding principle to a Non-Displayed ISO with a time-in-force other than IOC at the conclusion of the one second period.

The Exchange believes its proposal to introduce additional rule text describing the entry and execution of Non-Displayed Orders on the Exchange promotes just and equitable principles of trade by providing additional clarity and transparency to market

participants on how the System processes Non-Displayed Orders. Specifically, the Exchange is providing additional information regarding the price at which a Non-Displayed Order is posted and ranked on the BZX Book when a Non-Displayed Order either locks or crosses a Protected Quotation or when a Non-Displayed Order locks the BZX Book. By introducing the proposed rule text, Users will have a better understanding of how a Non-Displayed Order is posted and ranked during certain scenarios involving locked and crossed markets, which benefits all Users and the marketplace as a whole. In addition, the Exchange believes its proposal to introduce additional rule text describing the entry and execution of Non-Displayed Orders on the Exchange is not unfairly discriminatory as all Users and market participants will be subject to the same application of the Exchange's rules and will have equal access to the Exchange rulebook.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the Exchange's proposal to introduce a Non-Displayed ISO is a competitive response to a similar order type offered on at least one other exchange. As with other national securities exchanges, the Exchange must continually assess and improve its offerings to compete with other exchanges and market centers. The proposed rule change is indicative of this competition. Further, the Exchange does not believe that the proposed rule change would implicate any intramarket competitive concerns with respect to its Users. The proposed ability to enter an ISO with a non-displayed instruction is completely voluntary and available to all Users on an equal and non-discriminatory basis. Rather than impede competition, the proposed rule change would provide an additional order type for Users to facilitate their trading goals.

Additionally, the proposed change regarding Non-Displayed Order entry and execution is not being made for competitive reasons, but rather to provide Users with additional clarity and transparency about what price a Non-Displayed Order is posted and ranked during certain scenarios involving locked and crossed markets.

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 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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number

SR-CboeBZX-2025-142 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-2025-142. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-CboeBZX-2025-142 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>22</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>22</sup>

17 CFR 200.30-3(a)(12).

## EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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## Rules of Cboe BZX Exchange, Inc.

\* \* \* \* \*

## Rule 11.9. Orders and Modifiers

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

(a) – (b) No change.

(c) *Other Types of Orders.*

(1) – (10) No change.

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

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

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

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

(ii) If the entered limit price of the Non-Displayed Order would cross a Protected Quotation and the Non-Displayed Order contains a price slide instruction, the Non-Displayed Order will be executed as set forth in Rule 11.9(g)(4) or cancel, based on User instruction. If the entered limit price of the Non-Displayed Order would cross a Protected Quotation, is unable to execute, and the Non-Displayed Order does not contain a price slide instruction, the Non-Displayed Order will cancel or route, based on User instruction.

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

\* \* \* \* \*

(d) *Intermarket Sweep Orders.* The System will accept incoming Intermarket Sweep Orders (“ISO”) (as such term is defined in Regulation NMS). In order to be eligible for treatment as an Intermarket Sweep Order, the limit order must be marked “ISO” and the User entering the order must simultaneously route one or more additional limit orders marked “ISO,” as necessary, to away markets to execute against the full displayed size of any Protected Quotation for the security with a price that is superior to the limit price of the Intermarket Sweep Order entered in the System. Such orders, if they meet the requirements of the foregoing sentence, may be executed at one or multiple price levels in the system without regard to Protected Quotations at away markets consistent with Regulation NMS (*i.e.*, may trade through such quotations). The Exchange relies on the marking of an order as an ISO order when handling such order, and thus, it is the entering Member’s responsibility, not the Exchange’s responsibility, to comply with the requirements of Regulation NMS relating to Intermarket Sweep Orders. ISOs are not eligible for routing pursuant to Rule 11.13(b). ISOs may be entered as displayed or Non-Displayed Orders (“Non-Displayed ISO”).

(1) Pursuant to Rule 11.9(c)(11)(B)(i), a Non-Displayed ISO will be accepted at a price that locks a Protected Quotation, because the non-displayed nature of the order allows it to lock a Protected Quotation under Regulation NMS. Accordingly, the System will not interpret receipt of a Non-Displayed ISO that locks a Protected Quotation as the basis for determining that the Protected Quotation has been executed for purposes of accepting additional orders at that price level.

(2) A Non-Displayed ISO will be accepted and be eligible to execute at a price that trades through a Protected Quotation since such designation reflects a representation by the Member that it has simultaneously routed one or more additional limit orders marked “ISO”, as necessary, to execute against the full, displayed size of any Protected Quotations in



the security with a price that is superior to the limit price of the Non-Displayed ISO entered in the System. A Non-Displayed ISO will be permitted to execute through a Protected Quotation for up to one second following receipt of the order by the Exchange, subject to the limitations described below.

(i) If the Protected Quotation is unchanged after one second, the System will slide the Non-Displayed ISO pursuant to Rule 11.9(g)(4) or cancel the Non-Displayed ISO, based on User instruction.

(ii) The System will immediately slide the Non-Displayed ISO pursuant to Rule 11.9(g)(4) or cancel the Non-Displayed ISO, based on User instruction, if the Protected Quotation bid becomes higher (for sell orders) or offer becomes lower (for buy orders) before the one second time period expires.

(iii) The Non-Displayed ISO will remain posted at the crossing price for the entirety of the one second time period if the Protected Quotation bid moves lower (for sell orders) or offer moves higher (for buy orders) before the one second time period expires.

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#### Rule 11.13. Order Execution and Routing

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

##### (a) Execution Against BZX Book.

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

(1) – (3) No change.

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

(A) – (B) No change.

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

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

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

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