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

File No. * SR 2026 - * 004
Amendment No. (req. for Amendments *) 1

Filing by Cboe Exchange, Inc.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
☐	☑	☐	☑	☐	☐

Pilot	Extension of Time Period for Commission Action *	Date Expires *
☐	☐	

Rule

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☐ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐

Section 806(e)(2) * ☐

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

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

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

Contact Information

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

First Name *	Laura	Last Name *	Dickman
Title *	VP, Associate General Counsel		
E-mail *	ldickman@cboe.com		
Telephone *	(312) 786-7572	Fax	

Signature

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

Date 08/06/2026

By Laura G. Dickman (Name *)

(Title *) VP, Associate General Counsel

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

Laura Dickman
Date: 2026.08.06 15:04:32 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information * Add Remove View SR-CBOE-2026-004 (Futures with Op	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 * Add Remove View SR-CBOE-2026-004 (Futures with Op	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 * Add Remove View	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 Add Remove View	Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G. ☐ Exhibit Sent As Paper Document
Exhibit 3 - Form, Report, or Questionnaire Add Remove View	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change. ☐ Exhibit Sent As Paper Document
Exhibit 4 - Marked Copies Add Remove View SR-CBOE-2026-004 (Futures with Opt	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add Remove View SR-CBOE-2026-004 (Options with Fut	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 Add Remove View	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 Exchange, Inc. (the "Exchange" or "Cboe Options") proposes to amend its Rules to permit orders comprised of Cboe Volatility Index ("VIX") options ("VIX options") (which trade on the Exchange) and VIX futures ("VX futures") (which trade on Cboe Futures Exchange, LLC's ("CFE")) ("VIX future-option orders"). The Exchange initially submitted this rule filing SR-CBOE-2026-004 to the Securities and Exchange Commission (the "Commission") on January 5, 2026 (the "Initial Rule Filing"). This Amendment No. 1 supersedes the Initial Rule Filing and replaces it in its entirety. This Amendment No. 1 provides additional support for and detail regarding the proposal and simplifies the process for communicating the VX future components and execution information to and from CFE, as well as permits an additional time-in-force to be available for VIX future-option orders, but makes no material changes to the proposal. 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 December 23, 2025.

(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 Laura G. Dickman, (312) 786-7572, Cboe Exchange, Inc., 433 West Van Buren Street, Chicago, Illinois 60607.

Item 3. **<u>Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change</u>**

(a) <u>Purpose</u>

The Exchange proposes to amend its Rules to permit VIX future-option orders. The Exchange understands it is common for investors to engage in hedging or other investment strategies that involve VIX options and VX futures, given they both overlie the same index. However, to execute those strategies, investors must submit a VIX options order to the Exchange and separately submit a VX futures order to CFE, which is the designated contract market ("DCM") on which the VX futures trade. For example, market participants may obtain positions in VIX options through a transaction on the Exchange and hedge those positions by entering into a separate transaction on CFE for VX futures. Separate executions of this sort create additional risks, including risk that one order will execute while the other does not and price risk resulting from the time it takes to complete both transactions. The Exchange understands that due to those risks and the complexities of multi-part transactions, market participants may instead transact in the over-the-counter ("OTC") market or not obtain a hedge at all. The proposed rule change adopts a mechanism to facilitate the execution of these cross-product transactions in a simple, efficient manner that reduces these execution and price risks.

First, the Exchange proposes to adopt a definition of a VIX future-option order. Specifically, the proposed rule change amends Rule 1.1 to define a "VIX future-option order"[1] as an order to buy or sell a stated number of units of VX futures contract(s) coupled with the purchase or sale of a VIX option contract(s) on the Exchange.

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1 As proposed, a "VIX future-option order" is deemed an inter-regulatory spread order for purposes of the Rules. Rule 1.1 defines an inter-regulatory spread order as an order involving the simultaneous purchase and/or sale of at least one unit in contracts each of which is subject to

The proposed definition of a VIX future-option order includes a risk offset requirement. A User[2] may only submit a VIX future-option order if it satisfies the applicable risk offset requirement. The Exchange believes a risk offset requirement will provide market participants with sufficient flexibility to execute legitimate strategies comprised of VIX options and VX futures while preventing a market participant from using the proposed execution mechanism to execute a VX futures trade outside of the normal trading process on CFE by combining the VX future leg(s), for example, with an inexpensive out-of-the-money VIX option leg.

Pursuant to paragraph (a) of the proposed definition of VIX future-option order, a VIX future-option order must be comprised of "groups" of offsetting VX future and VIX options legs. The VX future and VIX option components of each group must have the same expiration, and the VX future leg(s) in a group must provide a risk offset to the VIX option leg(s) in that group of no less than 10% and no greater than 125%. A VIX future-option order satisfies this risk offset requirement if the delta value of each group is no greater than -0.10 and no less than -1.25.[3] The delta value[4] of VIX option leg equals the

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different regulatory jurisdictions at stated limits, or at a stated differential, or at market prices on the floor of the Exchange. The proposed rule change amends the definition of inter-regulatory spread order to provide that, with respect to VIX future-option orders, market prices are those on the Exchange, not just the floor of the Exchange, given that trading on the Exchange currently occurs both on the trading floor and electronically. As proposed, VIX future-option orders are eligible for electronic processing only and not for trading in open outcry on the Exchange's trading floor (and thus must be designated as Electronic Only).

2 Rule 1.1 defines User as any Trading Permit Holder ("TPH") or Sponsored User (as described in Rule 6.30 – there are currently no Sponsored Users on the Exchange) who is authorized to obtain access to the Exchange's System pursuant to Rule 5.5.

3 The System rejects a VIX future-option order if any VIX option contract leg or VX future contract leg cannot be grouped with any VX future leg(s) or VIX option leg(s), respectively.

4 A User must include a reasonable delta value for each VIX option leg when submitting a VIX future-option order (excluding auction responses) to the Exchange. See paragraph (b) of proposed definition of VIX future-option order in Rule 1.1. While a user may use any methodology it chooses to calculate the delta value of option legs, the value must be reasonable and will be subject to surveillance by the Exchange's regulatory division (similar to surveillance the Exchange currently

expected change in the price of that option contract given a $1.00 change in the value of VIX. The delta value of a VX future leg equals one. The delta value of each VIX option leg is multiplied by its multiplier of 100, and the delta value of each VX future leg is multiplied by its multiplier of 1,000. The sum of the VX future legs delta values divided by the sum of the VIX option legs delta values equals the delta value for the order.

For example, suppose a VIX future-option order is submitted with the following components:

- Sell 1 Dec VX future with a delta of -1
- Buy 2 Jan VX futures with delta of 1
- Buy 16 Dec VIX option calls with a delta of 0.50
- Buy 35 Jan VIX option puts with a delta of -0.60

The 1 short Dec VX future is grouped with the 16 long Dec VIX calls, which group has a delta of (-1 x 1,000)/(16 x .50 x 100) = -1,000/800 = -0.125. The 2 long Jan VX futures are grouped with the 35 short Jan VIX puts, which group has a delta of (2 x 1,000)/(35 x -0.60 x 100) = -2,000/2,100 = -0.9524. This order would satisfy the risk offset requirement, as both groups have a delta between -0.10 and -1.25.

If the System determines that a complex strategy comprised of VX future (at a price specified by the User upon order entry)[5] and VIX option legs satisfies the risk offset

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conducts to determine reasonability, such as when evaluating whether a qualified contingent transaction is fully hedged). The System will use the user-submitted delta values to calculate the risk offset for the entire order. The proposed rule change will permit the System to calculate whether the delta value of a group satisfies the risk offset requirement. Auction responses need not include the reasonable delta value because the risk offset requirement would have already been deemed to be satisfied upon acceptance of the auctioned order.

5 A User must include a net price for the option leg(s) and a specified price for each futures leg of a future-option order. See proposed subparagraph (b)(3) of the definition of future-option order in Rule 1.1.

requirement, it accepts all VIX future-option orders for that complex strategy for the remainder of that trading day. This will prevent a situation in which a specific strategy for a VIX future-option order satisfies the risk offset requirement earlier in the trading day but not later in the trading day due to changes in market conditions, which would prevent that earlier order from potential execution. For example, suppose a User submits a VIX future-option order for a specific complex strategy at 10:00 a.m., and the Exchange accepts it because the risk offset requirement is satisfied. The order does not immediately execute and rests on the COB. At 2:00 p.m., a different User sees that VIX future-option order resting on the Book and wants to trade against it. It submits a contra-side order for the same complex strategy; however, market conditions have changed, so that strategy no longer satisfies the risk offset requirement and the Exchange does not accept it. The proposed rule change will allow a VIX future-option order for a specific complex strategy accepted during a trading day to have execution opportunities throughout that trading day, despite market conditions changes that may cause that strategy to not satisfy the risk offset requirement at all times during that trading day.[6]

The proposed rule change also amends the definition of "complex order" in Rule 1.1 to provide that unless the context otherwise requires, the term complex order will include VIX future-option orders.[7]

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[6] It is for this reason a User may only designate a VIX future-option order submitted for electronic processing as Day (an order that, if not executed, expires at the applicable market close) or Immediate or Cancel ("IOC"). See proposed Rule 1.1 (proposed paragraph (b)(1) of definition of VIX future-option order).

[7] The term complex order already includes cross-product orders such as stock-option orders and security future-option orders.

The proposed rule change adds VIX future-option order to the list of types of complex orders that may be accepted for electronic trading. Specifically, the proposed rule change amends Rule 5.33(b)(5) to reference the proposed definition of VIX future-option order in Rule 1.1 and state that only VIX future-option orders with no more than the applicable number of legs are eligible for electronic processing.[8] The System electronically handles and processes VIX future-option orders in the same manner as other complex orders submitted to the System, except as otherwise specified below. Specifically, VIX future-option orders submitted for electronic processing may execute pursuant to a complex order auction ("COA") if eligible as described in Rule 5.33(d) or in the complex order book ("COB") as described in Rule 5.33(e) and will execute in the same manner as other complex orders, except as described below. VIX future-option orders may also be submitted for execution (if eligible) in the complex automated improvement mechanism ("C-AIM") as described in Rule 5.38 or complex solicitation auction mechanism ("C-SAM) as described in Rule 5.40. Processing of VIX future-option orders through C-AIM or C-SAM will occur in the same manner as any other complex orders submitted into those execution mechanisms.

The proposed rule change also amends Rule 5.70(b) to provide that the Exchange may make VIX future-option orders available for flexible (FLEX) options trading. In connection with this change, the proposed rule change amends Rule 4.21(b) to provide that the submitting FLEX Trader of a FLEX VIX future-option order may not modify the terms of the VX future leg(s), as the terms of VX futures are determined by CFE. In other words,

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8 The definition of stock-option order in Rule 5.33(b)(5) similarly permits stock-option orders with no more than the applicable number of legs permitted by the Exchange for electronic processing.

a submitting FLEX Trader may designate the terms of the VIX options legs of a VIX future-options order submitted for FLEX trading in the same manner as they may designate the terms of any VIX options submitted for FLEX trading; however, the submitting FLEX Trader may not designate terms of the VX futures leg(s) of the order. Additionally, the proposed rule change adds Rule 5.72(b)(2)(C) to describe additional requirements for FLEX trading that will apply to VIX future-option orders. Specifically, the proposed rule change provides that a FLEX VIX future-option order submitted into the System for an electronic FLEX Auction pursuant Rule 5.72(c) or any other electronic FLEX auction mechanism available under the Rules (such as the FLEX automated improvement mechanism described in Rule 5.73 or the FLEX solicitation auction mechanism described in Rule 5.74) must include a specified price for each VX futures leg (as is required for non-FLEX VIX future-option orders as proposed). Further, the proposed rule change provides if the VX futures leg(s) of a FLEX VIX future-option order cannot execute at the price(s) specified by the submitting User upon order entry, it will be cancelled (also as is required for non-FLEX VIX future-option orders as proposed).

The Exchange proposes to amend Rule 5.33 to describe how VIX future-option orders may execute electronically on the Exchange, which process is substantially similar to that for stock-option orders. As proposed in Rule 5.33(o), when a User submits to the System a VIX future-option order, the Exchange will electronically communicate the VX future component (at the price specified by the User upon order entry) of the VIX future-option order to CFE on behalf of the User (if the User is also a CFE member) or the designated FCM/IB (as defined below) (if the User is not also a CFE member, as described in proposed Interpretation and Policy .05).[9]

Proposed Interpretation and Policy .05 provides that to submit a VIX future-option order to the Exchange for execution, if the User is not also a CFE member, a User must enter into an agreement with one or more futures commission merchants ("FCMs") or introducing brokers ("IBs") that are not affiliated with the Exchange, which FCM/IB(s) the Exchange has designated as being registered with the Exchange to serve as a routing broker for the VX futures components of VIX future-option orders.[10] A User that is not also a CFE member must designate on each VIX future-option order submitted to the Exchange the FCM/IB that is the routing broker for the VX future component of that order. This will provide Users with flexibility to pick which FCM/IB will communicate the VX futures components of their orders for execution (if an FCM/IB is necessary for communication of the VX futures component to CFE) if there are multiple possible FCM/IBs that register with the Exchange to serve as a routing broker for the VX components of VIX future-option orders.[11]

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9 Unlike stock, a future trades on one DCM, which would make such direct communication with the DCM possible. This would only be available if the DCM and Exchange established electronic communication between the two markets to permit this direct communication of the futures component, as is the case with CFE.

10 This requirement is substantially similar to that required for stock-option orders. See Rule 5.33(l)(1) and Interpretation and Policy .04.

11 The Exchange intends to establish a process that would permit one or more FCMs/IBs that are members of CFE to serve as a routing broker by registering with the Exchange. While the Exchange communicates the VX future component of a VIX future-option order to CFE on behalf of the FCM/IB designated by each User that is a party to the transaction, and CFE will communicate whether the VX future component of a VIX future-option order was executed to the Exchange, the designated FCM/IB is agent and broker for the executing User and will receive copies of any VX future execution reports.

Proposed Rule 5.33(o)(2) provides that a VIX future-option order may execute against other VIX future-option orders (or COA Responses, if applicable), but may not execute against orders in the Simple Book.[12] If a VIX future-option order can execute upon entry or following a COA (or other auction mechanisms set forth in the Rules),[13] or if it can execute following evaluation while resting in the COB pursuant to Rule 5.33(i), the System executes the VIX option component(s) of a VIX future-option order against the option component of other VIX future-option orders resting in the COB or COA (or other auction mechanism) responses pursuant to the allocation algorithm applicable to the class (pursuant Rule 5.33(d)(5)(A)(ii)), as applicable, but does not immediately send the User a trade execution report, and then automatically communicates the VX future component(s) (at the price specified by the User upon order entry) to CFE for execution. Each VX futures component of a VIX future-option order may only execute at the price specified by the User upon entry of the order into the System. In other words, despite being exposed as part of the VIX futures-option order on Cboe, the price of a VX futures component of a VIX futures-option order is not negotiable. Any price competition and improvement for a VIX futures-option order will occur with respect only to the VIX options components of the order. If the System receives an execution report for the VX future component(s) (at the price(s) specified by the User upon order entry) from CFE on behalf of the User[14] or the designated FCM/IB, as applicable, the Exchange sends the User the trade execution

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12 See also proposed Rule 5.33(g)(5) (which provides that VIX future-option orders, like stock-option orders, may not leg into the Simple Book).

13 For example, if the Exchange designates VIX future-option orders as eligible for the Complex Automated Improvement Mechanism ("C-AIM") pursuant to Rule 5.38, execution of a VIX future-option order through C-AIM would occur in the same manner as set forth in proposed Rule 5.33(o).

14 This applies to each User that is a party to a trade, including auction responders.

report for the VIX future-option order, including execution information for the VX future and VIX option components. If the System receives a report from CFE that the VX future component(s) cannot execute at the price(s) specified by the User upon order entry,[15] the Exchange nullifies the VIX option component(s) trade and notifies the User of the reason for the nullification. If a VIX future-option order is not marketable, it rests in the COB (if eligible to rest), subject to a User's instructions.

The proposed rule change adopts rule 5.33(f)(1)(C) to provide that Users may express bids and offers for a VIX future-option order in the number of decimals permissible for VX futures, which will permit the Exchange to accommodate the available pricing of futures.[16] The minimum increment for the option leg(s) of a VIX future-option order is $0.01 or greater, which the Exchange may determine on a class-by-class basis, regardless of the minimum increments otherwise applicable to the VIX option leg(s),[17] and the VX future leg(s) of a future-option order may be executed in any decimal price CFE permits. The Exchange notes that even with the flexibility provided in the proposed rule with respect to the permissible prices for VX futures, the individual options legs must trade at increments as set forth in the Rules for VIX options.

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15 Execution of the VX futures components will need to satisfy requirements of CFE, including informational and reporting time requirements, risk controls, and price restrictions because execution of VX futures components will be subject to CFE rules Pursuant to Rule 5.33(k), trading in any complex strategy (including one that comprises a VIX future-option order) is suspended if any component of a complex strategy (including a VX future leg) is halted. Therefore, if trading in a VX future is halted, it could not execute and would result in the VIX future-option order not being executed.

16 The current minimum increment for VX futures on CFE is 0.05 index points (equivalent to $0.05), and the individual legs and net prices of spread trades in the VX futures contract may be in increments of 0.01 index points (equivalent to $0.01).

17 This is consistent with the permissible pricing of options legs of complex orders and stock-option orders. See Rule 5.4(b) and 5.33(f)(A) and (B).

Proposed Rule 5.33(o)(2) provides that a VIX future-option order may only execute if the price complies with proposed subparagraph (f)(2)(C), which describes the permissible execution prices and priority of the VIX options components of the VIX future-option orders (which are substantially similar to that of stock-option orders). Specifically, proposed Rule 5.33(f)(2)(C) states for a VIX future-option order with one VIX option leg, the VIX option leg may not trade at a price worse than the individual component price on the simple Book or at the same price as a priority customer order on the Simple Book.[18] For a VIX future-option order with more than one VIX option leg, the VIX option legs must trade at price pursuant to Rule 5.33(f)(2)(A) (applicable to conforming complex orders, as VIX future-option orders are defined as conforming complex orders, as discussed below), which is the permissible execution prices and priority for conforming complex orders comprised of solely option legs. The System, therefore, will not execute a VIX future-option order at a net price: (1) that would cause any VIX option component of the complex strategy to be executed at a price of zero; (2) that would cause any VIX option component of the complex strategy to be executed at a price worse than the individual component prices on the simple Book; (3) worse than the price that would be available if the complex order legged into the simple Book; or (4) worse than the synthetic best bid or offer ("SBBO")[19] or equal to the SBBO when there is a priority customer order on any leg

[18] The DCM will check the prices of the futures legs to ensure the prices are consistent with its execution requirements (including those related to price and risk).

[19] Because the price(s) of the future leg(s) is specified by the User at the time of order entry, the proposed rule change amends the definition of SBBO in Rule 5.33(a) to provide that, for a future-option order, the SBBO is the best net bid and best net offer on the Exchange for a complex strategy calculated using the BBO for each option component (or the national best bid or offer ("NBBO") for a component if the BBO for that component is not available).

comprising the SBBO and[20] at least one VIX option component of the complex order must execute at a price that improves the best bid or offer ("BBO") for that component by at least one minimum increment.[21] Pursuant to these proposed changes, the VIX option component(s) of a VIX future-option order will ultimately trade in the same manner and in accordance with the same priority principles as they would if they had been submitted without a VX future leg. Additionally, each component of a VIX future-option order will clear in the same manner as they would if they executed in separate trades. Specifically, each executed VIX option leg of a VIX future-option order will clear at The Options Clearing Corporation ("OCC") in the same manner as it would if the VIX option executed in a simple transaction on Cboe. Similarly, each VX future leg of a VIX future-option order will clear at OCC in the same manner as it would if the VX future executed in a simple transaction on CFE.

Unlike the stock component of stock-option orders, the VX futures leg(s) of a VIX future-option order may only on CFE if the VX future leg(s) is executable at the price(s) specified by the User upon order entry. Therefore, while the VIX options legs may execute at prices that satisfy the net price and may be improved through exposure on the Exchange, the price(s) of the VX future leg(s) are set upon order entry, as noted above. Specifically, despite being exposed as part of the VIX futures-option order on Cboe, the price of a VX futures component of a VIX futures-option order may not be negotiated once submitted to

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[20] The proposed rule change amends the definition of "conforming complex order" in Rule 1.1 to include a future-option order. As discussed above, a future-option order must satisfy a risk offset to be entered into the System, which is intended to prevent misuse of this mechanism and permit entry of legitimate strategies comprised of options and futures. The Exchange believes it is, therefore, appropriate to define all future-option orders as conforming.

[21] All-or-none complex orders (including VIX future-option orders) may only execute at prices better than the SBBO.

the Exchange. The price(s) specified by the User upon order entry for VX future leg(s) must be permissible by the CFE rules. As described above and in proposed Rule 5.33(o)(2), after execution of the VIX options component(s) on the Exchange, if CFE is unable to execute the VX futures the component(s) electronically communicated to it at the price(s) specified by the User upon order entry,[22] the VIX options executions are unwound and no execution of the VIX future-option order occurs. Any price competition and improvement for a VIX futures-option order will occur with respect only to the VIX options components of the order. Price competition for a VIX future-option order exposed on the Exchange will, therefore, occur with respect to the VIX option leg(s) only, and the package execution price will reflect the net price of the VIX option leg(s) and the price(s) of the VX future leg(s) specified by the User upon order entry.

The Exchange believes the proposed execution process for VIX future-option orders is reasonable, because the VIX options and VX futures components of a VIX future-option order are submitted for execution as part of the same investment strategy.[23] Given this, if the VX future component(s) does not execute, the Exchange believes it is reasonable to expect that a User that submitted a VIX future-option order would request nullification of the VIX options trade (as permitted by Rule 6.5). If the VX future component(s) does not execute, rather than require the User that submitted the VX future-option order to contact the Exchange to request nullification of the VIX option component(s) execution

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[22] As noted above, execution of the VX futures components will need to satisfy requirements of CFE's Rules, including informational and reporting time requirements, risk controls, and price restrictions, because execution of VX futures components are subject to CFE rules.

[23] The electronic processing of VIX future-option orders through any execution mechanism available for complex orders, including on the COB or through COA, C-AIM, or C-SAM, will be the same as it is for any complex orders.

pursuant to Rule 6.5, the proposed rule eliminates this requirement for the User to make such request. Instead, the proposed rule change provides that the Exchange will automatically nullify the option transaction if the VX future component(s) does not execute. The Exchange believes such nullification without a request from the User is consistent with the purpose of VIX future-option orders, as contingent execution at or near the same time (and thus reduction in price and execution risk) is one of the primary goals of VIX future-option orders (as further discussed below).[24]

The Exchange proposes to amend Rule 6.5, Interpretation and Policy .07 to describe how a VIX future-option order may qualify as an obvious error. As proposed, VIX future-option orders will be handled in a similar manner as stock-option orders for purposes of Rule 6.5. Specifically, if the VIX option leg of a VX future-option order qualifies as an obvious error under Rule 6.5(c)(1) or catastrophic error under Rule 6.5(d)(1), then the option leg that is an obvious or catastrophic error will be adjusted in accordance with Rule 6.5(c)(4)(A) or (d)(3), respectively, regardless of whether one of the parties is a customer. However, the VIX option leg of any customer VIX future-option order will be nullified if the adjustment would result in an execution price higher (lower) for buy (sell) transactions than the customer's limit price on the VIX future-option order, and the Exchange will attempt to nullify the VX future leg. Whenever CFE nullifies the VX futures leg(s) of a VIX future-option order or whenever the VX future leg(s) cannot be executed (including at the price by the User upon order entry), the Exchange will nullify the VIX option leg upon request of one of the parties to the transaction or in accordance with Rule 6.5(c)(3).

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[24] This proposed process to nullify (without request) the option leg(s) of a VIX future-option order if the DCM nullifies the VX future leg(s) of the order is consistent with the process used for stock-option orders. See Rule 6.5, Interpretation and Policy .07(c).

While this has the same effect as nullification of the VIX option leg(s) transactions set forth in proposed 5.33(o)(2), the proposed nullification in Rule 6.5, Interpretation and Policy .07 occurs at a different time, in a different manner, and for different reasons. Rule 5.33(o)(2) is nearly instantaneous nullification of the execution of the VIX option leg(s) if it is communicated to the Exchange that the VX futures leg(s) was unable to execute. In that situation, the customer receives no fill report as the VIX future-option order was not fully executed. However, with respect to Rule 6.5, Interpretation and Policy .07, nullification pursuant to this provision permits nullification of the VIX option leg(s) if an execution of a VIX future-option order occurred, but the VX future leg(s) execution was nullified at a later time by CFE pursuant to its rules.

Finally, the proposed rule change adds Interpretation and Policy .02 to Rule 6.6 to clarify that TPHs may update only the VIX option component of a VIX future-option order trade using Clearing Editor (and as permitted by Rule 6.6). Any updates to the VX future component would need to be done in accordance with CFE rules (if permissible) given that the VX future component of a VIX future-option order ultimately executes in accordance with CFE's Rules.[25] The Clearing Editor is an Exchange tool available only to correct information specific to option executions.[26]

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25 The proposed rule change also adds that the same would be true for security-future orders, which are not currently listed for trading on the Exchange.

26 The Exchange notes Rule 6.6 permits TPHs to update the MPID of a stock component of a stock-option order, but that is a securities concept and thus Clearing Editor does not contain the functionality to update any corresponding futures field. However, unlike options components, TPHs cannot use Clearing Editor to update order-specific fields for stock components as they can for option components. Therefore, the proposed rule change is effectively consistent with the Clearing Editor use for stock components. Any post-execution changes to VX futures components of VIX future-option orders would need to occur pursuant to CFE rules.

Activity related to the execution of the VIX options components of VIX future-option orders will be subject to Commission jurisdiction, and activity related to the execution of the VX futures components of VIX future-option orders will be subject to Commodity Futures Trading Commission ("CFTC") jurisdiction.[27] Further, each of the Exchange and CFE will regulate conduct relating to VIX future-option orders and trades with respect to compliance with its respective rules (i.e., the Exchange will regulate conduct relating to the VIX options legs of VIX future-option orders and CFE will regulate conduct relating to the VX futures legs of VIX future-option orders), including bringing disciplinary actions for violations of its respective rules. The Exchange and CFE have an existing information sharing agreement that encompasses information relating to the proposed VIX future-option orders and trades. This would allow for the sharing of information between the Exchange and CFE to permit the Exchange to have access to all order, trade, regulatory, and other data relating to these orders and trades (CFE will also have access to such information regarding these orders and trades).

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27 On September 9, 2025, CFE submitted to the CFTC a rule certification filing to adopt rules regarding VIX future-option orders (which filing became effective ten business days following such filing date, however CFE stated in that filing it would not implement the functionality until the Exchange amended its rules to permit VIX future-option orders). See CFE Rule Certification Submission Number CFE-2025-021 (September 9, 2025), available at https://www.cftc.gov/sites/default/files/filings/orgrules/25/09/rules09092530095.pdf. CFE submitted to the CFTC an additional rule certification (which filing became effective ten business days following such rule filing and similarly notes CFE would not implement the functionality until the Exchange amended its rules to permit VIX future-option orders) to update its VIX future-option orders to reflect modifications to how VX future leg(s) will be routed to CFE, which modifications are proposed in this Amendment No. 1. See CFE Rule Certification Submission Number CFE-2026-014 (July 1, 2026), available at https://www.cftc.gov/filings/orgrules/rules0701268664.pdf. To the extent CFE submits to the CFTC any additional rule certification filings related to VIX future-option orders that must become effective prior to the implementation of the proposed functionality, the Exchange would not launch VIX future-option order functionality until any such filings became effective.

(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.[28] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[29] 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)[30] 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 the proposed rule change will 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 because it will provide investors with greater opportunities to manage risk. The proposed rule change would provide investors with a more efficient mechanism to execute strategies involving VIX options and VX futures, which investors regularly trade as part of hedging, management

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28 15 U.S.C. 78f(b).

29 15 U.S.C. 78f(b)(5).

30 Id.

of risk exposure, and other investment strategies. The proposed execution mechanism for VIX future-option orders will make the trading and hedging process for investment strategies comprised of VIX option and VX future components more efficient, which will reduce execution, legging, and price drift risk that otherwise accompanies the current execution process for these strategies. For example, today, investors looking to execute an investment strategy comprised of VIX option and VX future components must do so through separate trades – one for the options on the Exchange and one for the futures on CFE. This creates risk that one trade occurs but the other does not, which may leave an investor with an unhedged position. Additionally, separate transactions create risk because market conditions may change between the time it takes to execute both transactions, which may make the full package execute in an unfavorable manner for the investor. Investors may continue to execute these strategies as separate transactions as they do today if they so choose. However, the addition of the proposed electronic execution process would provide investors with an optional, alternative means to execute strategies comprised of VX future and VIX options components that would reduce these risks, as it would permit the entire package to be priced together and will result in an execution only if both the options and futures components are able to trade. The proposed single execution mechanism, therefore, expands the ability of market participants to engage in cross-product investment and hedging transactions, which the Exchange believes will contribute to reduced overall market risk and increased liquidity in the listed markets for products overlying the VIX.

The Exchange believes the proposed rule change is designed to prevent fraudulent and manipulative acts and practices and to promote just and equitable principles of trade.

The proposed risk offset requirement is designed to provide market participants with sufficient flexibility to execute legitimate options strategies comprised of options and futures while preventing misuse of this mechanism, such as a market participant using the proposed execution mechanism to execute a futures trade outside of the normal trading process on CFE by combining a VX future leg(s), for example, with an inexpensive out-of-the-money option leg. As noted above, the Exchange determined the proposed risk offset range based on experience with and feedback from market participants, as well as a review of the risk offsets of transactions involving VX futures and VIX options. As a result, we feel this range would accommodate their investment strategies. Additionally, the Exchange manually reviewed the risk offsets of executed Exchange of Contract for Related Positions ("ECRPs") that occurred in accordance with CFE rules (which market participants engage in to exchange future positions for options positions) over a six-month period. None of those ECRP transactions had a risk offset outside of the 10% to 125% range. The Exchange believes review of the risk offsets in ECRPs is informative, as it is a common investment strategy comprised of options and futures positions.

As discussed above, the Commission and the CFTC will maintain jurisdiction over execution of the options and futures components, respectively, of VX future-option orders. Further, each of the Exchange and CFE will regulate conduct relating to future-option orders and trades with respect to compliance with its rules, including bringing disciplinary actions for violations of its rules (i.e., the Exchange will regulate conduct relating to the VIX options legs of VIX future-option orders and CFE will regulate conduct relating to the

VX futures legs of VIX future-option orders).[31] The Exchange and CFE have an existing information sharing agreement that encompasses information relating to the proposed VIX future-option orders and trades. This would allow for the sharing of information between the Exchange and CFE to permit each of the Exchange and CFE to have access to all order, trade, regulatory, and other data relating to these orders and trades, and thus facilitate the intermarket surveillance of future-option orders. As a self-regulatory organization, the Exchange recognizes the importance of surveillance, among other things, to detect and deter fraudulent and manipulative trading activity as well as other violations of Exchange rules and the federal securities laws. The Exchange's current rules prohibiting market manipulation and fraudulent, noncompetitive, and disruptive trading practices will apply to VIX future-option orders. The Cboe Regulatory Division will incorporate information it receives from CFE into its surveillance procedures to monitor trading of VIX future-option orders, including to detect any manipulative trading activity. The Exchange believes its surveillance, along with the proposed risk offset requirement and application of current surveillances to evaluate the reasonability of User-designated delta values, are reasonably designed to detect manipulative trading and enforce compliance with the proposed rules and other Exchange Rules. The Exchange performs ongoing evaluations of its surveillance program to ensure its continued effectiveness and will continue to review its surveillance procedures on an ongoing basis. The Exchange's Regulatory Division is currently evaluating its surveillance program to identify any necessary enhancements and/or modifications that may be needed for VIX future-option orders, which

[31] This would include any CFE rules related to the execution of the VX future component(s) of a future-option order.

enhancements or modifications (if any) will be implemented prior the Exchange's launch of VIX future-option orders.

The Exchange believes the proposed execution process will also promote just and equitable principles of trade. As described above, VIX future-option orders will execute in a substantially similar way as complex orders, including stock-option orders. The proposed priority for VIX future-option orders will protect customer VIX option orders in the simple Book. As proposed, the VIX option component(s) of a VIX future-option order will ultimately trade in the same manner and in accordance with the same priority principles as they would if they had been submitted without a VX future leg(s). Further, the proposed process to nullify the VIX option component execution if the VIX future-option order does not execute is consistent with the purpose of the VIX future-option order. Given the VIX option and VX future components of a VIX future-option order are submitted as part of the same investment strategy, if the VX future component does not execute, the Exchange believes it is reasonable to expect that a User that submitted a VIX future-option to request nullification of the VX options trade in accordance with current Exchange Rules. If the VX future component does not execute, rather than require the User that submitted the VIX future-option order to contact the Exchange to request nullification of the VIX option component execution, the proposed rule eliminates the requirement for the User to make such request. Instead, the proposed rule change provides that the Exchange will automatically nullify the VIX option transaction if the VX future component does not execute. The Exchange believes such nullification without a request from the User is consistent with the purpose of VIX future-option orders, as contingent execution at or near the same time (and thus reduction in price and execution risk) is one of the primary goals of VIX future-option orders (as further discussed below).

Additionally, the Exchange believes the availability of VIX future-option orders will 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 because it will provide investors with an alternative to the OTC market for investment strategies comprised of instruments (e.g., swaps and bilaterals) economically similar to VX futures and VIX options. The proposed rule change will provide investors with the ability to execute these investment strategies in a listed market environment as opposed to in the unregulated OTC market. The proposed rule change may shift liquidity from the OTC market onto the Exchange (as well as shift swaps and OTC combos from the OTC market onto designated contract markets in the form of futures), which the Exchange believes would increase market transparency as well as enhance the process of price discovery conducted on the Exchange through increased order flow to the benefit of all investors. The Exchange believes it may be a more attractive alternative to the OTC market, because trading these strategies in an exchange environment may benefit market participants in several ways, including but not limited to the following: (1) enhanced efficiency in initiating and closing out positions; (2) increased market transparency; and (3) heightened contra-party creditworthiness due to clearing requirements for listed options and futures.

The Commission previously determined that permitting investors to submit an order for execution to Cboe that included components subject to different regulatory jurisdictions was consistent with the Act.[32] Specifically, in 1988, the Commission approved a Cboe proposed rule change to allow inter-regulatory spread orders (which were defined as the simultaneous purchase and/or sale of at least one unit in contracts each of which is subject to different regulatory jurisdictions at stated limits, or at a stated differential, or at market prices on the floor of the Exchange) to trade on Cboe's trading floor.[33] The only substantive differences between that proposal and the proposed rule change regarding future-option orders are as follows:

- The proposed rule change would permit electronic execution only.[34] This merely reflects the advancement in the availability of electronic trading since 1988 and provides an additional manner of execution for VIX future-option orders.
- The proposed rule change does not create a separate pit on the Exchange's trading floor for the related futures as the prior proposal did. Given the advances in electronic trading (and the fact that many futures exchanges no longer have open outcry trading), the Exchange believes this is no longer necessary to permit VIX future-option orders.[35]

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32 Securities Exchange Act Release No. 26271 (November 10, 1988), 53 FR 46727 (November 18, 1988) (SR-CBOE-88-17) ("CBOE-CBOT JV Approval Order"); see also Securities Exchange Act Release No. 24235 (March 19, 1987), 52 FR 9750 (March 26, 1987) (SR-Phlx-86-43).

33 See CBOE-CBOT JV Approval Order.

34 The proposed rule change does not adopt VIX future-option orders for open outcry trading. The Exchange intends to add VIX future-option orders for open outcry trading at a later date and will submit a separate rule filing for that functionality.

35 As an example, VX futures trade electronically only on CFE. For similar reasons, the Exchange believes structuring VIX future-option orders as a joint venture is unnecessary, as the individual components will continue to trade on the applicable market as proposed. As noted above, the Exchange will be able to share information with CFE for regulatory purposes.

These differences have no impact on the fundamental attributes of the underlying product that the Commission approved in 1988 and that the Exchange proposes in this filing, which is a multi-part order comprised of an option and a related future submitted to the Exchange for pricing as a package, with execution of each component contingent on the other. When approving the prior proposal, the Commission stated that permitting execution of inter-regulatory spreads (including for hedging purposes) on the Exchange would "contribute to the mechanism of a free and open market by enhancing . . . market makers' ability to hedge their positions with futures [and] enable market makers to better accommodate customer orders and to provide deeper and tighter markets."[36] The Commission further stated that the proposed rule change was designed to minimize regulatory concerns, and clarifying the regulatory responsibility for each leg of an inter-regulatory spread (as the current filing does) would "expedite the enforcement of each jurisdiction's regulations and foster coordination and cooperation between the jurisdictions involved."[37] Ultimately, the Commission found that the proposal to execute inter-regulatory spreads on Cboe to be consistent with the requirements of the Act.[38] While some time has passed since approving inter-regulatory spreads (the Exchange notes the rules permitted execution of inter-regulatory spreads remained in Cboe's Rulebook until 2005,[39] and the definition of an inter-regulatory spreads remains in Cboe's Rulebook[40]), the Exchange is unaware of any changes to Section 6(b)(5) of the Act since the Commission approved that the trading of

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36 See CBOE-CBOT JV Approval Order at 46729.

37 Id. at 46730.

38 Id.

39 See Securities Exchange Act Release No. 52824 (November 22, 2005), 70 FR 72318 (December 2, 2005) (SR-CBOE-2005-69).

40 See Rule 1.1 (definition of inter-regulatory spread).

inter-regulatory spreads that would prevent the Commission from approving future-option orders at this time.

Further, as discussed above, the proposed rules regarding the handling and execution of VIX future-option orders are also substantially similar to that of stock-option orders,[41] and rules previously filed with the Commission for security-future option orders.[42] The primary substantive difference between stock-option orders (and security-future option orders) is that one component of a VIX future-option order (the VX future leg(s)) is not subject to Commission jurisdiction. The Exchange believes market participants who want to trade these strategies because they have determined these strategies are the most appropriate to achieve their investment goals should be able to avail themselves of a more efficient and lower risk execution mechanism for these strategies, even though those strategies happen to include a component subject to jurisdiction of another regulator.

Additionally, the proposed rule change provides that the Exchange will communicate to CFE directly the VX components of a VIX future-option order for execution, and CFE will communicate to the Exchange directly any execution information. This is different than what occurs today with respect to stock-option orders, for which a designated broker communicates this information to and receives this information from the stock trading venue. However, as is required for stock-option orders, the Exchange will require Users that are not CFE members to enter into a brokerage agreement with an

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41 See Rules 5.33 (including subparagraphs (f)(1)(B) and (2)(B), paragraph (l), and Interpretation and Policy .04), and 5.70(b).

42 See Securities Exchange Act Release No. 49367 (March 5, 2004), 69 FR 11678 (March 11, 2004) (SR-CBOE-2004-14); see also Securities Exchange Act Release Nos. 46390 (August 21, 2002), 67 FR 55290 (August 28, 2002) (SR-ISE-2002-18); and 48894 (December 8, 2003), 68 FR 70328 (December 17, 2003) (SR-PCX-2003-42).

FCM/IB, which will serve as the routing broker for such User. Ultimately, because the Exchange already has connectivity to CFE, the Exchange will act as the conduit for the electronic transmissions of the VX components and execution information on behalf of each designated FCM/IB. The FCM/IB designated by a User will continue to act as agent and broker for that User's side of the VX futures component of the transaction on CFE and will continue to be the executing CFE member for that side of the VX futures component of the transaction on CFE. The Exchange will merely act as the designated FCM/IB's conduit rather than the designated FCM/IB communicating directly with CFE. Given that the Exchange has established connectivity to CFE, the Exchange believes this is an efficient approach that will further remove impediments to and perfect the mechanism of a free and open market, as it will provide for direct messaging between two parties (the Exchange and CFE) rather than take additional steps to communicate information to and from a third party (the designated FCM/IB).

The Exchange believes the proposed rule change to make VIX Future-Option Orders eligible for FLEX trading and related changes will 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 by providing investors with an additional on-exchange vehicle to meet their investment needs in connection with VIX derivatives. By providing investors an exchange-traded environment for customized strategies, such as those investors may trade in the OTC market, the Exchange would be able to compete more effectively with the OTC market. Further it will create greater trading and hedging opportunities and flexibility for investors. FLEX trading for VIX Future-Option Orders may also result in enhanced efficiency in initiating and closing out positions and heightened contra-party creditworthiness due to the role of OCC as issuer and guarantor of FLEX options. Further, the proposed rule change would result in increased competition by permitting the Exchange offer products that it understands are currently used in the OTC market. The proposed rule change to prevent customization of the VX future leg(s) of a FLEX VIX Future-Option Order is consistent with the Act, because the terms of VX future leg(s) are dictated by CFE and its rules and thus subject to CFTC jurisdiction.

Ultimately, the Exchange believes the proposed rule change will 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 because it will provide investors with a competitive and efficient market mechanism for executing investment strategies comprised of VX futures and VIX options on the Exchange, which will provide a venue for order exposure and price discovery (with respect to the VIX options legs, as the VX futures legs may execute only at the prices specified by the User upon order entry). These are bona fide investment strategies that reduce market participants' risk and facilitate hedging. A robust and competitive market requires that exchanges respond to investors' evolving needs by constantly improving their offerings. When Congress charged the Commission with supervising the development of a "national market system" for securities, Congress stated its intent that the "national market system evolve through the interplay of competitive forces as unnecessary regulatory restrictions are removed.[43] Consistent with this purpose, Congress and the Commission have repeatedly stated their preference for competition, rather than regulatory intervention to determine products and

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[43] See H.R. Rep. No. 94-229, at 92 (1975) (Conf. Rep.).

services in the securities markets.[44] This consistent and considered judgment of Congress and the Commission is correct, particularly in light of evidence of robust competition in the options trading industry. The fact that an exchange proposed something new is a reason to be receptive, not skeptical — innovation is the life-blood of a vibrant competitive market — and that is particularly so given the continued internationalization of the securities markets, as exchanges continue to implement new products and services to compete not only in the United States but throughout the world. Options exchanges continuously adopt new and different products and trading services in response to industry demands in order to attract order flow and liquidity to increase their trading volume. This competition has led to a growth in investment choices, which ultimately benefits the marketplace and the public. The Exchange believes that the proposed rule change will help further competition by providing market participants with yet another investment option for the listed options market.

While a VIX future-option order contains a component that is not a security, the Exchange believes the proposed rule change may be approved as consistent with the Exchange Act. The Commission's primary purposes are to protect investors and maintain

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44 See S. Rep. No. 94-75, 94th Cong., 1st Sess. 8 (1975) ("The objective [in enacting the 1975 amendments to the Exchange Act] would be to enhance competition and to allow economic forces, interacting within a fair regulatory field, to arrive at appropriate variations in practices and services."); Order Approving Proposed Rule Change Relating to NYSE Arca Data, Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770 (December 9, 2008) ("The Exchange Act and its legislative history strongly support the Commission's reliance on competition, whenever possible, in meeting its regulatory responsibilities for overseeing the [self-regulatory organizations] and the national market system. Indeed, competition among multiple markets and market participants trading the same products is the hallmark of the national market system."); and Regulation NMS, 70 FR at 37499 (observing that NMS regulation "has been remarkably successful in promoting market competition in [the] forms that are most important to investors and listed companies").

fair, orderly, and efficient markets.[45] As discussed in this rule filing, the primary purpose of this proposal is to create a more efficient mechanism for investors to execute their investment strategies that include VIX options and VX futures components. VX futures are highly correlated and strongly related to VIX options, given they both overlie the same index and thus have similar characteristics.[46] As a result, the Exchange believes that VIX futures-option orders are related to the purposes of the Act, which would make it appropriate for the Commission to approve this proposal.[47] Consistent with Congress's finding in connection with the establishment of a national market system, the proposed rule change strengthens the securities market by providing investors with a more efficient and transparent mechanisms to execute VIX options that are part of investment strategies that include VX futures.[48] As discussed above, the proposed rule change promotes a more economically efficient manner to execute VIX options transactions that are tied to VX futures.[49] The proposed rule change may also reduce the execution and price risks that accompany the current method of executing VIX options and VX futures as separate transactions, as well as increase transparency by providing a listed environment to execute

45 See SEC.gov | Mission.

46 See Cboe VIX Index Futures & Options Fact Sheet, available at https://cdn.cboe.com/resources/vix_options/VIX_fact_sheet.pdf.

47 See 15 U.S.C. 78f(b)(5); see also Alliance for Fair Board Recruitment & National Center for Public Policy Research v. Securities and Exchange Commission, No. 21-60626 (5th Circuit December 11, 2024), at 4 ("AFBR v. SEC"). The Act provides that exchanges may not regulate matters not related to the Act's purposes. It is common practice for market participants to engage in investment strategies that involve securities and non-securities. As part of its need to regulate securities transactions, the Exchange may request information from other exchanges (including about non-securities) that relate to those securities transactions. Therefore, it is possible for the execution of a non-security, such as a future, to be related to the purposes of the Act and thus permit the Exchange to adopt rules related to such non-securities transactions when they are tied to securities transactions occurring on the Exchange.

48 See 15 U.S.C. 78k-1(a)(1).

49 See 15 U.S.C. 78k-1(a)(1)(C)(i).

these transactions. While the price discovery for the VIX options will occur on the Exchange (which price discovery would impact the price of the entire package that includes the VX futures), the VX futures leg may execute only at the price specified by the User upon order entry. The execution of the VX futures must still occur in accordance with CFE rules and will be regulated by CFE and the CFTC. Therefore, the proposed rule change increases the information available with respect to these transactions and improves the practicability of executing these orders in the best market, which ultimately enables market participants to receive better executions of their orders.[50]

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. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because VIX future-option orders will be available to all TPHs and will execute in the same manner. VIX future-option orders will be available to all Users on a voluntary basis, and Users will not be required to use VIX future-option orders to execute investment strategies comprised of option and future components. Users may continue to execute these strategies as they do today by entering a VIX option order on the Exchange and separately executing the VX future component on CFE. For Users that elect to use the proposed functionality, the Exchange believes the proposed rule change would

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[50] See 15 U.S.C. 78k-1(a)(1)(C)(iii) – (v). Further, reduction in price risk that currently results from separate transaction may ultimately reduce overall transactions costs associated with execution of VIX options and the related VX future as it may lower the overall cost of the transaction. This plausible reduction in transactions associated with executing this securities trade "presumably relate[s] to the purpose of" the national market system. See AFBR v. SEC, at 27.

reduce price and execution risk that currently exists when executing these strategies. The Exchange understands investors currently execute investment strategies comprised of VIX option and VX future components today. Investors may continue to do so; however, the proposed rule change merely provides them with a simpler, more efficient, transparent, and competitive execution mechanism for hedging and other investment strategies that contain VIX options and VX futures components.

The Exchange does not believe the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because other options exchanges may propose similar functionality (and previously have, as noted above). The proposed rule change is intended to provide investors with an alternative to execute these investment strategies through separate transactions or in the unregulated and opaque OTC market by providing investors with the ability to execute these strategies in a single transaction in an exchange environment. The Exchange believes this would result in increased market transparency, enhanced efficiency in initiating and closing out positions, and heightened contra-party creditworthiness. The proposed rule change is designed to provide investors with a more efficient and lower risk mechanism to execute investment strategies comprised of futures and options components, and ultimately the Exchange believes it may relieve any burden on, or otherwise promote, competition.

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

The Exchange neither solicited nor received written 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.[51]

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

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) This Amendment No. 1 is filed for accelerated effectiveness pursuant to Section 19(b)(2) of the Act.[38] The Exchange requests that the Commission approve this Amendment No. 1 on an accelerated basis pursuant to Section 19(b)(2) of the Act so that it may be operative as soon as practicable. Amendment No. 1 provides additional support for and detail regarding the proposal. While Amendment No. 1 proposes to simplify the process for communicating the VX future components and execution information to and from CFE by having the Exchange act as the conduit for designated FCM/IBs , rather than the designated FCM/IB communicating directly with CFE. This is a relatively minor change to the proposal, as the Initial Filing proposed that the Exchange would communicate the VX future components and execution information to and from CFE on behalf of TPHs that were also CFE members; Amendment No. 1 merely provides that the Exchange will act as the conduit for the VX futures components for all VIX future-option orders that are executed, rather than just those when a party is not also a CFE member. This change will reduce the burden on

[51] 15 U.S.C. 78s(b)(2).

FCM/IBs, as they will no longer have to establish connectivity to physically route VX futures components and execution reports between the Exchange and CFE. The one other substantive change to permit the Exchange to offer the IOC time-in-force in addition to Day only adds a permissible instruction that investors may attach to the order. The IOC time-in-force is consistent with the reasons described above as to why the Day time-in-force instruction is appropriate for VIX Future-Option Orders and will provide investors with additional flexibility. The Exchange believes these changes to the proposal are not material, as the proposed VIX Future-Option Order type and overall execution and handling provisions remain consistent with the proposal in the Initial Filing. The Exchange notes no comments have been submitted in connection with this proposal. Therefore, given this Amendment No. 1 makes no material changes to the proposal that has been pending and has received no public comments, the Exchange believes accelerated approval of Amendment No. 1 will benefit investors, as it will permit the Exchange to offer the proposed VIX Future-Option Orders to investors as soon as practicable.

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

The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission. However, as discussed above, the proposed rule change is substantially similar to an Exchange rule and a rule of another options exchange previously approved by the Commission.[52] The proposed VIX future-option order type will trade in a substantially similar manner as those prior rules. The proposed rule is modernized and will

52 Securities Exchange Act Release Nos. 26271 (November 10, 1988), 53 FR 46727 (November 18, 1988) (SR-CBOE-88-17); and 24235 (March 19, 1987), 52 FR 9750 (March 26, 1987) (SR-Phlx-86-43).

permit electronic trading of these orders (electronic trading was not available when the Commission approved the prior rules).

As discussed above, the proposed rules regarding the handling and execution of future-option orders are also substantially similar to that of stock-option orders,[53] and rules previously filed with the Commission for security-future option orders.[54]

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 4. Marked copy of changes to the rule text proposed in an amendment compared against the version of the rule text that was initially filed.

Exhibit 5. Proposed rule text.

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53 See Rules 5.33 (including subparagraphs (f)(1)(B) and (2)(B), paragraph (l), and Interpretation and Policy .04), and 5.70(b).

54 See Securities Exchange Act Release No. 49367 (March 5, 2004), 69 FR 11678 (March 11, 2004) (SR-CBOE-2004-14); see also Securities Exchange Act Release Nos. 46390 (August 21, 2002), 67 FR 55290 (August 28, 2002) (SR-ISE-2002-18); and 48894 (December 8, 2003), 68 FR 70328 (December 17, 2003) (SR-PCX-2003-42).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-CBOE-2026-004]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of a Proposed Rule Change to amend its Rules to Permit Orders Comprised of Cboe Volatility Index ("VIX") options ("VIX options") (which trade on the Exchange) and VIX futures ("VX futures") (which trade on Cboe Futures Exchange, LLC's ("CFE")) ("VIX future-option orders")

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on [insert date], Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") 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 Exchange, Inc. (the "Exchange" or "Cboe Options") proposes to amend its Rules to permit orders comprised of Cboe Volatility Index ("VIX") options ("VIX options") (which trade on the Exchange) and VIX futures ("VX futures") (which trade on Cboe Futures Exchange, LLC's ("CFE")) ("VIX future-option orders"). The text of the proposed rule change is provided below.

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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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

(https://www.cboe.com/us/options/regulation/rule_filings/cone/), and at the principal office of the Exchange.

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

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

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

1. Purpose

The Exchange proposes to amend its Rules to permit VIX future-option orders. The Exchange understands it is common for investors to engage in hedging or other investment strategies that involve VIX options and VX futures, given they both overlie the same index. However, to execute those strategies, investors must submit a VIX options order to the Exchange and separately submit a VX futures order to CFE, which is the designated contract market ("DCM") on which the VX futures trade. For example, market participants may obtain positions in VIX options through a transaction on the Exchange and hedge those positions by entering into a separate transaction on CFE for VX futures. Separate executions of this sort create additional risks, including risk that one order will execute while the other does not and price risk resulting from the time it takes to complete both transactions. The Exchange understands that due to those risks and the complexities of multi-part transactions, market participants may instead transact in the over-the-counter ("OTC") market or not obtain a hedge at all. The proposed rule change adopts a mechanism to facilitate the execution of these cross-product transactions in a simple, efficient manner that reduces these execution and price risks.

First, the Exchange proposes to adopt a definition of a VIX future-option order. Specifically, the proposed rule change amends Rule 1.1 to define a "VIX future-option order"[3] as an order to buy or sell a stated number of units of VX futures contract(s) coupled with the purchase or sale of a VIX option contract(s) on the Exchange.

The proposed definition of a VIX future-option order includes a risk offset requirement. A User[4] may only submit a VIX future-option order if it satisfies the applicable risk offset requirement. The Exchange believes a risk offset requirement will provide market participants with sufficient flexibility to execute legitimate strategies comprised of VIX options and VX futures while preventing a market participant from using the proposed execution mechanism to execute a VX futures trade outside of the normal trading process on CFE by combining the VX future leg(s), for example, with an inexpensive out-of-the-money VIX option leg.

Pursuant to paragraph (a) of the proposed definition of VIX future-option order, a VIX future-option order must be comprised of "groups" of offsetting VX future and VIX options legs. The VX future and VIX option components of each group must have the

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3 As proposed, a "VIX future-option order" is deemed an inter-regulatory spread order for purposes of the Rules. Rule 1.1 defines an inter-regulatory spread order as an order involving the simultaneous purchase and/or sale of at least one unit in contracts each of which is subject to different regulatory jurisdictions at stated limits, or at a stated differential, or at market prices on the floor of the Exchange. The proposed rule change amends the definition of inter-regulatory spread order to provide that, with respect to VIX future-option orders, market prices are those on the Exchange, not just the floor of the Exchange, given that trading on the Exchange currently occurs both on the trading floor and electronically. As proposed, VIX future-option orders are eligible for electronic processing only and not for trading in open outcry on the Exchange's trading floor (and thus must be designated as Electronic Only).

4 Rule 1.1 defines User as any Trading Permit Holder ("TPH") or Sponsored User (as described in Rule 6.30 – there are currently no Sponsored Users on the Exchange) who is authorized to obtain access to the Exchange's System pursuant to Rule 5.5.

same expiration, and the VX future leg(s) in a group must provide a risk offset to the VIX option leg(s) in that group of no less than 10% and no greater than 125%. A VIX future-option order satisfies this risk offset requirement if the delta value of each group is no greater than -0.10 and no less than -1.25.[5] The delta value[6] of VIX option leg equals the expected change in the price of that option contract given a $1.00 change in the value of VIX. The delta value of a VX future leg equals one. The delta value of each VIX option leg is multiplied by its multiplier of 100, and the delta value of each VX future leg is multiplied by its multiplier of 1,000. The sum of the VX future legs delta values divided by the sum of the VIX option legs delta values equals the delta value for the order.

For example, suppose a VIX future-option order is submitted with the following components:

- Sell 1 Dec VX future with a delta of -1
- Buy 2 Jan VX futures with delta of 1
- Buy 16 Dec VIX option calls with a delta of 0.50
- Buy 35 Jan VIX option puts with a delta of -0.60

The 1 short Dec VX future is grouped with the 16 long Dec VIX calls, which group has a delta of (-1 x 1,000)/(16 x .50 x 100) = -1,000/800 = -0.125. The 2 long Jan VX futures

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5 The System rejects a VIX future-option order if any VIX option contract leg or VX future contract leg cannot be grouped with any VX future leg(s) or VIX option leg(s), respectively.

6 A User must include a reasonable delta value for each VIX option leg when submitting a VIX future-option order (excluding auction responses) to the Exchange. See paragraph (b) of proposed definition of VIX future-option order in Rule 1.1. While a user may use any methodology it chooses to calculate the delta value of option legs, the value must be reasonable and will be subject to surveillance by the Exchange's regulatory division (similar to surveillance the Exchange currently conducts to determine reasonability, such as when evaluating whether a qualified contingent transaction is fully hedged). The System will use the user-submitted delta values to calculate the risk offset for the entire order. The proposed rule change will permit the System to calculate whether the delta value of a group satisfies the risk offset requirement. Auction responses need not include the reasonable delta value because the risk offset requirement would have already been deemed to be satisfied upon acceptance of the auctioned order.

are grouped with the 35 short Jan VIX puts, which group has a delta of (2 x 1,000)/(35 x -0.60 x 100) = -2,000/2,100 = -0.9524. This order would satisfy the risk offset requirement, as both groups have a delta between -0.10 and -1.25.

If the System determines that a complex strategy comprised of VX future (at a price specified by the User upon order entry)[7] and VIX option legs satisfies the risk offset requirement, it accepts all VIX future-option orders for that complex strategy for the remainder of that trading day. This will prevent a situation in which a specific strategy for a VIX future-option order satisfies the risk offset requirement earlier in the trading day but not later in the trading day due to changes in market conditions, which would prevent that earlier order from potential execution. For example, suppose a User submits a VIX future-option order for a specific complex strategy at 10:00 a.m., and the Exchange accepts it because the risk offset requirement is satisfied. The order does not immediately execute and rests on the COB. At 2:00 p.m., a different User sees that VIX future-option order resting on the Book and wants to trade against it. It submits a contra-side order for the same complex strategy; however, market conditions have changed, so that strategy no longer satisfies the risk offset requirement and the Exchange does not accept it. The proposed rule change will allow a VIX future-option order for a specific complex strategy accepted during a trading day to have execution opportunities throughout that trading day, despite market conditions changes that may cause that strategy to not satisfy the risk offset requirement at all times during that trading day.[8]

7 A User must include a net price for the option leg(s) and a specified price for each futures leg of a future-option order. See proposed subparagraph (b)(3) of the definition of future-option order in Rule 1.1.

8 It is for this reason a User may only designate a VIX future-option order submitted for electronic processing as Day (an order that, if not executed, expires at the applicable market close) or Immediate or Cancel ("IOC"). See proposed Rule 1.1 (proposed paragraph (b)(1) of definition of

The proposed rule change also amends the definition of “complex order” in Rule 1.1 to provide that unless the context otherwise requires, the term complex order will include VIX future-option orders.[9]

The proposed rule change adds VIX future-option order to the list of types of complex orders that may be accepted for electronic trading. Specifically, the proposed rule change amends Rule 5.33(b)(5) to reference the proposed definition of VIX future-option order in Rule 1.1 and state that only VIX future-option orders with no more than the applicable number of legs are eligible for electronic processing.[10] The System electronically handles and processes VIX future-option orders in the same manner as other complex orders submitted to the System, except as otherwise specified below. Specifically, VIX future-option orders submitted for electronic processing may execute pursuant to a complex order auction (“COA”) if eligible as described in Rule 5.33(d) or in the complex order book (“COB”) as described in Rule 5.33(e) and will execute in the same manner as other complex orders, except as described below. VIX future-option orders may also be submitted for execution (if eligible) in the complex automated improvement mechanism (“C-AIM”) as described in Rule 5.38 or complex solicitation auction mechanism (“C-SAM) as described in Rule 5.40. Processing of VIX future-option orders through C-AIM or C-SAM will occur in the same manner as any other complex orders submitted into those execution mechanisms.

VIX future-option order).

9 The term complex order already includes cross-product orders such as stock-option orders and security future-option orders.

10 The definition of stock-option order in Rule 5.33(b)(5) similarly permits stock-option orders with no more than the applicable number of legs permitted by the Exchange for electronic processing.

The proposed rule change also amends Rule 5.70(b) to provide that the Exchange may make VIX future-option orders available for flexible (FLEX) options trading. In connection with this change, the proposed rule change amends Rule 4.21(b) to provide that the submitting FLEX Trader of a FLEX VIX future-option order may not modify the terms of the VX future leg(s), as the terms of VX futures are determined by CFE. In other words, a submitting FLEX Trader may designate the terms of the VIX options legs of a VIX future-options order submitted for FLEX trading in the same manner as they may designate the terms of any VIX options submitted for FLEX trading; however, the submitting FLEX Trader may not designate terms of the VX futures leg(s) of the order. Additionally, the proposed rule change adds Rule 5.72(b)(2)(C) to describe additional requirements for FLEX trading that will apply to VIX future-option orders. Specifically, the proposed rule change provides that a FLEX VIX future-option order submitted into the System for an electronic FLEX Auction pursuant Rule 5.72(c) or any other electronic FLEX auction mechanism available under the Rules (such as the FLEX automated improvement mechanism described in Rule 5.73 or the FLEX solicitation auction mechanism described in Rule 5.74) must include a specified price for each VX futures leg (as is required for non-FLEX VIX future-option orders as proposed). Further, the proposed rule change provides if the VX futures leg(s) of a FLEX VIX future-option order cannot execute at the price(s) specified by the submitting User upon order entry, it will be cancelled (also as is required for non-FLEX VIX future-option orders as proposed).

The Exchange proposes to amend Rule 5.33 to describe how VIX future-option orders may execute electronically on the Exchange, which process is substantially similar to that for stock-option orders. As proposed in Rule 5.33(o), when a User submits to the

System a VIX future-option order, the Exchange will electronically communicate the VX future component (at the price specified by the User upon order entry) of the VIX future-option order to CFE on behalf of the User (if the User is also a CFE member) or the designated FCM/IB (as defined below) (if the User is not also a CFE member, as described in proposed Interpretation and Policy .05).[11]

Proposed Interpretation and Policy .05 provides that to submit a VIX future-option order to the Exchange for execution, if the User is not also a CFE member, a User must enter into an agreement with one or more futures commission merchants ("FCMs") or introducing brokers ("IBs") that are not affiliated with the Exchange, which FCM/IB(s) the Exchange has designated as being registered with the Exchange to serve as a routing broker for the VX futures components of VIX future-option orders.[12] A User that is not also a CFE member must designate on each VIX future-option order submitted to the Exchange the FCM/IB that is the routing broker for the VX future component of that order. This will provide Users with flexibility to pick which FCM/IB will communicate the VX futures components of their orders for execution (if an FCM/IB is necessary for communication of the VX futures component to CFE) if there are multiple possible FCM/IBs that register with the Exchange to serve as a routing broker for the VX components of VIX future-option orders.[13]

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[11] Unlike stock, a future trades on one DCM, which would make such direct communication with the DCM possible. This would only be available if the DCM and Exchange established electronic communication between the two markets to permit this direct communication of the futures component, as is the case with CFE.

[12] This requirement is substantially similar to that required for stock-option orders. <u>See</u> Rule 5.33(l)(1) and Interpretation and Policy .04.

[13] The Exchange intends to establish a process that would permit one or more FCMs/IBs that are members of CFE to serve as a routing broker by registering with the Exchange. While the Exchange communicates the VX future component of a VIX future-option order to CFE on behalf of the FCM/IB designated by each User that is a party to the transaction, and CFE will communicate

Proposed Rule 5.33(o)(2) provides that a VIX future-option order may execute against other VIX future-option orders (or COA Responses, if applicable), but may not execute against orders in the Simple Book.[14] If a VIX future-option order can execute upon entry or following a COA (or other auction mechanisms set forth in the Rules),[15] or if it can execute following evaluation while resting in the COB pursuant to Rule 5.33(i), the System executes the VIX option component(s) of a VIX future-option order against the option component of other VIX future-option orders resting in the COB or COA (or other auction mechanism) responses pursuant to the allocation algorithm applicable to the class (pursuant Rule 5.33(d)(5)(A)(ii)), as applicable, but does not immediately send the User a trade execution report, and then automatically communicates the VX future component(s) (at the price specified by the User upon order entry) to CFE for execution. Each VX futures component of a VIX future-option order may only execute at the price specified by the User upon entry of the order into the System. In other words, despite being exposed as part of the VIX futures-option order on Cboe, the price of a VX futures component of a VIX futures-option order is not negotiable. Any price competition and improvement for a VIX futures-option order will occur with respect only to the VIX options components of the order. If the System receives an execution report for the VX future component(s) (at the price(s) specified by the User upon order entry) from CFE on behalf of the User[16] or

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whether the VX future component of a VIX future-option order was executed to the Exchange, the designated FCM/IB is agent and broker for the executing User and will receive copies of any VX future execution reports.

14 See also proposed Rule 5.33(g)(5) (which provides that VIX future-option orders, like stock-option orders, may not leg into the Simple Book).

15 For example, if the Exchange designates VIX future-option orders as eligible for the Complex Automated Improvement Mechanism ("C-AIM") pursuant to Rule 5.38, execution of a VIX future-option order through C-AIM would occur in the same manner as set forth in proposed Rule 5.33(o).

16 This applies to each User that is a party to a trade, including auction responders.

the designated FCM/IB, as applicable, the Exchange sends the User the trade execution report for the VIX future-option order, including execution information for the VX future and VIX option components. If the System receives a report from CFE that the VX future component(s) cannot execute at the price(s) specified by the User upon order entry,[17] the Exchange nullifies the VIX option component(s) trade and notifies the User of the reason for the nullification. If a VIX future-option order is not marketable, it rests in the COB (if eligible to rest), subject to a User's instructions.

The proposed rule change adopts rule 5.33(f)(1)(C) to provide that Users may express bids and offers for a VIX future-option order in the number of decimals permissible for VX futures, which will permit the Exchange to accommodate the available pricing of futures.[18] The minimum increment for the option leg(s) of a VIX future-option order is $0.01 or greater, which the Exchange may determine on a class-by-class basis, regardless of the minimum increments otherwise applicable to the VIX option leg(s),[19] and the VX future leg(s) of a future-option order may be executed in any decimal price CFE permits. The Exchange notes that even with the flexibility provided in the proposed rule with respect to the permissible prices for VX futures, the individual options legs must trade at increments as set forth in the Rules for VIX options.

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17 Execution of the VX futures components will need to satisfy requirements of CFE, including informational and reporting time requirements, risk controls, and price restrictions because execution of VX futures components will be subject to CFE rules Pursuant to Rule 5.33(k), trading in any complex strategy (including one that comprises a VIX future-option order) is suspended if any component of a complex strategy (including a VX future leg) is halted. Therefore, if trading in a VX future is halted, it could not execute and would result in the VIX future-option order not being executed.

18 The current minimum increment for VX futures on CFE is 0.05 index points (equivalent to $0.05), and the individual legs and net prices of spread trades in the VX futures contract may be in increments of 0.01 index points (equivalent to $0.01).

19 This is consistent with the permissible pricing of options legs of complex orders and stock-option orders. See Rule 5.4(b) and 5.33(f)(A) and (B).

Proposed Rule 5.33(o)(2) provides that a VIX future-option order may only execute if the price complies with proposed subparagraph (f)(2)(C), which describes the permissible execution prices and priority of the VIX options components of the VIX future-option orders (which are substantially similar to that of stock-option orders). Specifically, proposed Rule 5.33(f)(2)(C) states for a VIX future-option order with one VIX option leg, the VIX option leg may not trade at a price worse than the individual component price on the simple Book or at the same price as a priority customer order on the Simple Book.[20] For a VIX future-option order with more than one VIX option leg, the VIX option legs must trade at price pursuant to Rule 5.33(f)(2)(A) (applicable to conforming complex orders, as VIX future-option orders are defined as conforming complex orders, as discussed below), which is the permissible execution prices and priority for conforming complex orders comprised of solely option legs. The System, therefore, will not execute a VIX future-option order at a net price: (1) that would cause any VIX option component of the complex strategy to be executed at a price of zero; (2) that would cause any VIX option component of the complex strategy to be executed at a price worse than the individual component prices on the simple Book; (3) worse than the price that would be available if the complex order legged into the simple Book; or (4) worse than the synthetic best bid or offer ("SBBO")[21] or equal to the SBBO when there is a priority customer order on any leg comprising the SBBO and[22] at least one VIX option component of the complex order must

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20 The DCM will check the prices of the futures legs to ensure the prices are consistent with its execution requirements (including those related to price and risk).

21 Because the price(s) of the future leg(s) is specified by the User at the time of order entry, the proposed rule change amends the definition of SBBO in Rule 5.33(a) to provide that, for a future-option order, the SBBO is the best net bid and best net offer on the Exchange for a complex strategy calculated using the BBO for each option component (or the national best bid or offer ("NBBO") for a component if the BBO for that component is not available).

22 The proposed rule change amends the definition of "conforming complex order" in Rule 1.1 to

execute at a price that improves the best bid or offer ("BBO") for that component by at least one minimum increment.[23] Pursuant to these proposed changes, the VIX option component(s) of a VIX future-option order will ultimately trade in the same manner and in accordance with the same priority principles as they would if they had been submitted without a VX future leg. Additionally, each component of a VIX future-option order will clear in the same manner as they would if they executed in separate trades. Specifically, each executed VIX option leg of a VIX future-option order will clear at The Options Clearing Corporation ("OCC") in the same manner as it would if the VIX option executed in a simple transaction on Cboe. Similarly, each VX future leg of a VIX future-option order will clear at OCC in the same manner as it would if the VX future executed in a simple transaction on CFE.

Unlike the stock component of stock-option orders, the VX futures leg(s) of a VIX future-option order may only on CFE if the VX future leg(s) is executable at the price(s) specified by the User upon order entry. Therefore, while the VIX options legs may execute at prices that satisfy the net price and may be improved through exposure on the Exchange, the price(s) of the VX future leg(s) are set upon order entry, as noted above. Specifically, despite being exposed as part of the VIX futures-option order on Cboe, the price of a VX futures component of a VIX futures-option order may not be negotiated once submitted to the Exchange. The price(s) specified by the User upon order entry for VX future leg(s) must be permissible by the CFE rules. As described above and in proposed Rule 5.33(o)(2),

include a future-option order. As discussed above, a future-option order must satisfy a risk offset to be entered into the System, which is intended to prevent misuse of this mechanism and permit entry of legitimate strategies comprised of options and futures. The Exchange believes it is, therefore, appropriate to define all future-option orders as conforming.

23 All-or-none complex orders (including VIX future-option orders) may only execute at prices better than the SBBO.

after execution of the VIX options component(s) on the Exchange, if CFE is unable to execute the VX futures the component(s) electronically communicated to it at the price(s) specified by the User upon order entry,[24] the VIX options executions are unwound and no execution of the VIX future-option order occurs. Any price competition and improvement for a VIX futures-option order will occur with respect only to the VIX options components of the order. Price competition for a VIX future-option order exposed on the Exchange will, therefore, occur with respect to the VIX option leg(s) only, and the package execution price will reflect the net price of the VIX option leg(s) and the price(s) of the VX future leg(s) specified by the User upon order entry.

The Exchange believes the proposed execution process for VIX future-option orders is reasonable, because the VIX options and VX futures components of a VIX future-option order are submitted for execution as part of the same investment strategy.[25] Given this, if the VX future component(s) does not execute, the Exchange believes it is reasonable to expect that a User that submitted a VIX future-option order would request nullification of the VIX options trade (as permitted by Rule 6.5). If the VX future component(s) does not execute, rather than require the User that submitted the VX future-option order to contact the Exchange to request nullification of the VIX option component(s) execution pursuant to Rule 6.5, the proposed rule eliminates this requirement for the User to make such request. Instead, the proposed rule change provides that the Exchange will automatically nullify the option transaction if the VX future component(s) does not

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24 As noted above, execution of the VX futures components will need to satisfy requirements of CFE's Rules, including informational and reporting time requirements, risk controls, and price restrictions, because execution of VX futures components are subject to CFE rules.

25 The electronic processing of VIX future-option orders through any execution mechanism available for complex orders, including on the COB or through COA, C-AIM, or C-SAM, will be the same as it is for any complex orders.

execute. The Exchange believes such nullification without a request from the User is consistent with the purpose of VIX future-option orders, as contingent execution at or near the same time (and thus reduction in price and execution risk) is one of the primary goals of VIX future-option orders (as further discussed below).[26]

The Exchange proposes to amend Rule 6.5, Interpretation and Policy .07 to describe how a VIX future-option order may qualify as an obvious error. As proposed, VIX future-option orders will be handled in a similar manner as stock-option orders for purposes of Rule 6.5. Specifically, if the VIX option leg of a VX future-option order qualifies as an obvious error under Rule 6.5(c)(1) or catastrophic error under Rule 6.5(d)(1), then the option leg that is an obvious or catastrophic error will be adjusted in accordance with Rule 6.5(c)(4)(A) or (d)(3), respectively, regardless of whether one of the parties is a customer. However, the VIX option leg of any customer VIX future-option order will be nullified if the adjustment would result in an execution price higher (lower) for buy (sell) transactions than the customer's limit price on the VIX future-option order, and the Exchange will attempt to nullify the VX future leg. Whenever CFE nullifies the VX futures leg(s) of a VIX future-option order or whenever the VX future leg(s) cannot be executed (including at the price by the User upon order entry), the Exchange will nullify the VIX option leg upon request of one of the parties to the transaction or in accordance with Rule 6.5(c)(3). While this has the same effect as nullification of the VIX option leg(s) transactions set forth in proposed 5.33(o)(2), the proposed nullification in Rule 6.5, Interpretation and Policy .07 occurs at a different time, in a different manner, and for different reasons. Rule 5.33(o)(2)

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26 This proposed process to nullify (without request) the option leg(s) of a VIX future-option order if the DCM nullifies the VX future leg(s) of the order is consistent with the process used for stock-option orders. See Rule 6.5, Interpretation and Policy .07(c).

is nearly instantaneous nullification of the execution of the VIX option leg(s) if it is communicated to the Exchange that the VX futures leg(s) was unable to execute. In that situation, the customer receives no fill report as the VIX future-option order was not fully executed. However, with respect to Rule 6.5, Interpretation and Policy .07, nullification pursuant to this provision permits nullification of the VIX option leg(s) if an execution of a VIX future-option order occurred, but the VX future leg(s) execution was nullified at a later time by CFE pursuant to its rules.

Finally, the proposed rule change adds Interpretation and Policy .02 to Rule 6.6 to clarify that TPHs may update only the VIX option component of a VIX future-option order trade using Clearing Editor (and as permitted by Rule 6.6). Any updates to the VX future component would need to be done in accordance with CFE rules (if permissible) given that the VX future component of a VIX future-option order ultimately executes in accordance with CFE's Rules.[27] The Clearing Editor is an Exchange tool available only to correct information specific to option executions.[28]

Activity related to the execution of the VIX options components of VIX future-option orders will be subject to Commission jurisdiction, and activity related to the execution of the VX futures components of VIX future-option orders will be subject to Commodity Futures Trading Commission ("CFTC") jurisdiction.[29] Further, each of the

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27 The proposed rule change also adds that the same would be true for security-future orders, which are not currently listed for trading on the Exchange.

28 The Exchange notes Rule 6.6 permits TPHs to update the MPID of a stock component of a stock-option order, but that is a securities concept and thus Clearing Editor does not contain the functionality to update any corresponding futures field. However, unlike options components, TPHs cannot use Clearing Editor to update order-specific fields for stock components as they can for option components. Therefore, the proposed rule change is effectively consistent with the Clearing Editor use for stock components. Any post-execution changes to VX futures components of VIX future-option orders would need to occur pursuant to CFE rules.

29 On September 9, 2025, CFE submitted to the CFTC a rule certification filing to adopt rules regarding

Exchange and CFE will regulate conduct relating to VIX future-option orders and trades with respect to compliance with its respective rules (i.e., the Exchange will regulate conduct relating to the VIX options legs of VIX future-option orders and CFE will regulate conduct relating to the VX futures legs of VIX future-option orders), including bringing disciplinary actions for violations of its respective rules. The Exchange and CFE have an existing information sharing agreement that encompasses information relating to the proposed VIX future-option orders and trades. This would allow for the sharing of information between the Exchange and CFE to permit the Exchange to have access to all order, trade, regulatory, and other data relating to these orders and trades (CFE will also have access to such information regarding these orders and trades).

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.[30] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[31]

VIX future-option orders (which filing became effective ten business days following such filing date, however CFE stated in that filing it would not implement the functionality until the Exchange amended its rules to permit VIX future-option orders). See CFE Rule Certification Submission Number CFE-2025-021 (September 9, 2025), available at https://www.cftc.gov/sites/default/files/filings/orgrules/25/09/rules09092530095.pdf. CFE submitted to the CFTC an additional rule certification (which filing became effective ten business days following such rule filing and similarly notes CFE would not implement the functionality until the Exchange amended its rules to permit VIX future-option orders) to update its VIX future-option orders to reflect modifications to how VX future leg(s) will be routed to CFE, which modifications are proposed in this Amendment No. 1. See CFE Rule Certification Submission Number CFE-2026-014 (July 1, 2026), available at https://www.cftc.gov/filings/orgrules/rules0701268664.pdf. To the extent CFE submits to the CFTC any additional rule certification filings related to VIX future-option orders that must become effective prior to the implementation of the proposed functionality, the Exchange would not launch VIX future-option order functionality until any such filings became effective.

30 15 U.S.C. 78f(b).

31 15 U.S.C. 78f(b)(5).

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)[32] 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 the proposed rule change will 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 because it will provide investors with greater opportunities to manage risk. The proposed rule change would provide investors with a more efficient mechanism to execute strategies involving VIX options and VX futures, which investors regularly trade as part of hedging, management of risk exposure, and other investment strategies. The proposed execution mechanism for VIX future-option orders will make the trading and hedging process for investment strategies comprised of VIX option and VX future components more efficient, which will reduce execution, legging, and price drift risk that otherwise accompanies the current execution process for these strategies. For example, today, investors looking to execute an investment strategy comprised of VIX option and VX future components must do so through separate trades – one for the options on the Exchange and one for the futures on

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[32] Id.

CFE. This creates risk that one trade occurs but the other does not, which may leave an investor with an unhedged position. Additionally, separate transactions create risk because market conditions may change between the time it takes to execute both transactions, which may make the full package execute in an unfavorable manner for the investor. Investors may continue to execute these strategies as separate transactions as they do today if they so choose. However, the addition of the proposed electronic execution process would provide investors with an optional, alternative means to execute strategies comprised of VX future and VIX options components that would reduce these risks, as it would permit the entire package to be priced together and will result in an execution only if both the options and futures components are able to trade. The proposed single execution mechanism, therefore, expands the ability of market participants to engage in cross-product investment and hedging transactions, which the Exchange believes will contribute to reduced overall market risk and increased liquidity in the listed markets for products overlying the VIX.

The Exchange believes the proposed rule change is designed to prevent fraudulent and manipulative acts and practices and to promote just and equitable principles of trade. The proposed risk offset requirement is designed to provide market participants with sufficient flexibility to execute legitimate options strategies comprised of options and futures while preventing misuse of this mechanism, such as a market participant using the proposed execution mechanism to execute a futures trade outside of the normal trading process on CFE by combining a VX future leg(s), for example, with an inexpensive out-of-the-money option leg. As noted above, the Exchange determined the proposed risk offset range based on experience with and feedback from market participants, as well as a review of the risk offsets of transactions involving VX futures and VIX options. As a result, we feel this range would accommodate their investment strategies. Additionally, the Exchange manually reviewed the risk offsets of executed Exchange of Contract for Related Positions ("ECRPs") that occurred in accordance with CFE rules (which market participants engage in to exchange future positions for options positions) over a six-month period. None of those ECRP transactions had a risk offset outside of the 10% to 125% range. The Exchange believes review of the risk offsets in ECRPs is informative, as it is a common investment strategy comprised of options and futures positions.

As discussed above, the Commission and the CFTC will maintain jurisdiction over execution of the options and futures components, respectively, of VX future-option orders. Further, each of the Exchange and CFE will regulate conduct relating to future-option orders and trades with respect to compliance with its rules, including bringing disciplinary actions for violations of its rules (i.e., the Exchange will regulate conduct relating to the VIX options legs of VIX future-option orders and CFE will regulate conduct relating to the VX futures legs of VIX future-option orders).[33] The Exchange and CFE have an existing information sharing agreement that encompasses information relating to the proposed VIX future-option orders and trades. This would allow for the sharing of information between the Exchange and CFE to permit each of the Exchange and CFE to have access to all order, trade, regulatory, and other data relating to these orders and trades, and thus facilitate the intermarket surveillance of future-option orders. As a self-regulatory organization, the Exchange recognizes the importance of surveillance, among other things, to detect and

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[33] This would include any CFE rules related to the execution of the VX future component(s) of a future-option order.

deter fraudulent and manipulative trading activity as well as other violations of Exchange rules and the federal securities laws. The Exchange's current rules prohibiting market manipulation and fraudulent, noncompetitive, and disruptive trading practices will apply to VIX future-option orders. The Cboe Regulatory Division will incorporate information it receives from CFE into its surveillance procedures to monitor trading of VIX future-option orders, including to detect any manipulative trading activity. The Exchange believes its surveillance, along with the proposed risk offset requirement and application of current surveillances to evaluate the reasonability of User-designated delta values, are reasonably designed to detect manipulative trading and enforce compliance with the proposed rules and other Exchange Rules. The Exchange performs ongoing evaluations of its surveillance program to ensure its continued effectiveness and will continue to review its surveillance procedures on an ongoing basis. The Exchange's Regulatory Division is currently evaluating its surveillance program to identify any necessary enhancements and/or modifications that may be needed for VIX future-option orders, which enhancements or modifications (if any) will be implemented prior the Exchange's launch of VIX future-option orders.

The Exchange believes the proposed execution process will also promote just and equitable principles of trade. As described above, VIX future-option orders will execute in a substantially similar way as complex orders, including stock-option orders. The proposed priority for VIX future-option orders will protect customer VIX option orders in the simple Book. As proposed, the VIX option component(s) of a VIX future-option order will ultimately trade in the same manner and in accordance with the same priority principles as they would if they had been submitted without a VX future leg(s). Further, the proposed process to nullify the VIX option component execution if the VIX future-option order does not execute is consistent with the purpose of the VIX future-option order. Given the VIX option and VX future components of a VIX future-option order are submitted as part of the same investment strategy, if the VX future component does not execute, the Exchange believes it is reasonable to expect that a User that submitted a VIX future-option to request nullification of the VX options trade in accordance with current Exchange Rules. If the VX future component does not execute, rather than require the User that submitted the VIX future-option order to contact the Exchange to request nullification of the VIX option component execution, the proposed rule eliminates the requirement for the User to make such request. Instead, the proposed rule change provides that the Exchange will automatically nullify the VIX option transaction if the VX future component does not execute. The Exchange believes such nullification without a request from the User is consistent with the purpose of VIX future-option orders, as contingent execution at or near the same time (and thus reduction in price and execution risk) is one of the primary goals of VIX future-option orders (as further discussed below).

Additionally, the Exchange believes the availability of VIX future-option orders will 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 because it will provide investors with an alternative to the OTC market for investment strategies comprised of instruments (e.g., swaps and bilaterals) economically similar to VX futures and VIX options. The proposed rule change will provide investors with the ability to execute these investment strategies in a listed market environment as opposed to in the unregulated OTC market. The proposed rule change may shift liquidity from the OTC market onto the

Exchange (as well as shift swaps and OTC combos from the OTC market onto designated contract markets in the form of futures), which the Exchange believes would increase market transparency as well as enhance the process of price discovery conducted on the Exchange through increased order flow to the benefit of all investors. The Exchange believes it may be a more attractive alternative to the OTC market, because trading these strategies in an exchange environment may benefit market participants in several ways, including but not limited to the following: (1) enhanced efficiency in initiating and closing out positions; (2) increased market transparency; and (3) heightened contra-party creditworthiness due to clearing requirements for listed options and futures.

The Commission previously determined that permitting investors to submit an order for execution to Cboe that included components subject to different regulatory jurisdictions was consistent with the Act.[34] Specifically, in 1988, the Commission approved a Cboe proposed rule change to allow inter-regulatory spread orders (which were defined as the simultaneous purchase and/or sale of at least one unit in contracts each of which is subject to different regulatory jurisdictions at stated limits, or at a stated differential, or at market prices on the floor of the Exchange) to trade on Cboe's trading floor.[35] The only substantive differences between that proposal and the proposed rule change regarding future-option orders are as follows:

- The proposed rule change would permit electronic execution only.[36] This merely reflects the advancement in the availability of electronic trading

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34 Securities Exchange Act Release No. 26271 (November 10, 1988), 53 FR 46727 (November 18, 1988) (SR-CBOE-88-17) ("CBOE-CBOT JV Approval Order"); see also Securities Exchange Act Release No. 24235 (March 19, 1987), 52 FR 9750 (March 26, 1987) (SR-Phlx-86-43).

35 See CBOE-CBOT JV Approval Order.

36 The proposed rule change does not adopt VIX future-option orders for open outcry trading. The Exchange intends to add VIX future-option orders for open outcry trading at a later date and will

since 1988 and provides an additional manner of execution for VIX future-option orders.

- The proposed rule change does not create a separate pit on the Exchange's trading floor for the related futures as the prior proposal did. Given the advances in electronic trading (and the fact that many futures exchanges no longer have open outcry trading), the Exchange believes this is no longer necessary to permit VIX future-option orders.[37]

These differences have no impact on the fundamental attributes of the underlying product that the Commission approved in 1988 and that the Exchange proposes in this filing, which is a multi-part order comprised of an option and a related future submitted to the Exchange for pricing as a package, with execution of each component contingent on the other. When approving the prior proposal, the Commission stated that permitting execution of inter-regulatory spreads (including for hedging purposes) on the Exchange would "contribute to the mechanism of a free and open market by enhancing . . . market makers' ability to hedge their positions with futures [and] enable market makers to better accommodate customer orders and to provide deeper and tighter markets."[38] The Commission further stated that the proposed rule change was designed to minimize regulatory concerns, and clarifying the regulatory responsibility for each leg of an inter-regulatory spread (as the current filing does) would "expedite the enforcement of each jurisdiction's regulations and foster

submit a separate rule filing for that functionality.

37 As an example, VX futures trade electronically only on CFE. For similar reasons, the Exchange believes structuring VIX future-option orders as a joint venture is unnecessary, as the individual components will continue to trade on the applicable market as proposed. As noted above, the Exchange will be able to share information with CFE for regulatory purposes.

38 See CBOE-CBOT JV Approval Order at 46729.

coordination and cooperation between the jurisdictions involved."[39] Ultimately, the Commission found that the proposal to execute inter-regulatory spreads on Cboe to be consistent with the requirements of the Act.[40] While some time has passed since approving inter-regulatory spreads (the Exchange notes the rules permitted execution of inter-regulatory spreads remained in Cboe's Rulebook until 2005,[41] and the definition of an inter-regulatory spreads remains in Cboe's Rulebook[42]), the Exchange is unaware of any changes to Section 6(b)(5) of the Act since the Commission approved that the trading of inter-regulatory spreads that would prevent the Commission from approving future-option orders at this time.

Further, as discussed above, the proposed rules regarding the handling and execution of VIX future-option orders are also substantially similar to that of stock-option orders,[43] and rules previously filed with the Commission for security-future option orders.[44] The primary substantive difference between stock-option orders (and security-future option orders) is that one component of a VIX future-option order (the VX future leg(s)) is not subject to Commission jurisdiction. The Exchange believes market participants who want to trade these strategies because they have determined these strategies are the most appropriate to achieve their investment goals should be able to avail themselves of a more efficient and

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39 Id. at 46730.

40 Id.

41 See Securities Exchange Act Release No. 52824 (November 22, 2005), 70 FR 72318 (December 2, 2005) (SR-CBOE-2005-69).

42 See Rule 1.1 (definition of inter-regulatory spread).

43 See Rules 5.33 (including subparagraphs (f)(1)(B) and (2)(B), paragraph (l), and Interpretation and Policy .04), and 5.70(b).

44 See Securities Exchange Act Release No. 49367 (March 5, 2004), 69 FR 11678 (March 11, 2004) (SR-CBOE-2004-14); see also Securities Exchange Act Release Nos. 46390 (August 21, 2002), 67 FR 55290 (August 28, 2002) (SR-ISE-2002-18); and 48894 (December 8, 2003), 68 FR 70328 (December 17, 2003) (SR-PCX-2003-42).

lower risk execution mechanism for these strategies, even though those strategies happen to include a component subject to jurisdiction of another regulator.

Additionally, the proposed rule change provides that the Exchange will communicate to CFE directly the VX components of a VIX future-option order for execution, and CFE will communicate to the Exchange directly any execution information. This is different than what occurs today with respect to stock-option orders, for which a designated broker communicates this information to and receives this information from the stock trading venue. However, as is required for stock-option orders, the Exchange will require Users that are not CFE members to enter into a brokerage agreement with an FCM/IB, which will serve as the routing broker for such User. Ultimately, because the Exchange already has connectivity to CFE, the Exchange will act as the conduit for the electronic transmissions of the VX components and execution information on behalf of each designated FCM/IB. The FCM/IB designated by a User will continue to act as agent and broker for that User's side of the VX futures component of the transaction on CFE and will continue to be the executing CFE member for that side of the VX futures component of the transaction on CFE. The Exchange will merely act as the designated FCM/IB's conduit rather than the designated FCM/IB communicating directly with CFE. Given that the Exchange has established connectivity to CFE, the Exchange believes this is an efficient approach that will further remove impediments to and perfect the mechanism of a free and open market, as it will provide for direct messaging between two parties (the Exchange and CFE) rather than take additional steps to communicate information to and from a third party (the designated FCM/IB).

The Exchange believes the proposed rule change to make VIX Future-Option Orders eligible for FLEX trading and related changes will 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 by providing investors with an additional on-exchange vehicle to meet their investment needs in connection with VIX derivatives. By providing investors an exchange-traded environment for customized strategies, such as those investors may trade in the OTC market, the Exchange would be able to compete more effectively with the OTC market. Further it will create greater trading and hedging opportunities and flexibility for investors. FLEX trading for VIX Future-Option Orders may also result in enhanced efficiency in initiating and closing out positions and heightened contra-party creditworthiness due to the role of OCC as issuer and guarantor of FLEX options. Further, the proposed rule change would result in increased competition by permitting the Exchange offer products that it understands are currently used in the OTC market. The proposed rule change to prevent customization of the VX future leg(s) of a FLEX VIX Future-Option Order is consistent with the Act, because the terms of VX future leg(s) are dictated by CFE and its rules and thus subject to CFTC jurisdiction.

Ultimately, the Exchange believes the proposed rule change will 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 because it will provide investors with a competitive and efficient market mechanism for executing investment strategies comprised of VX futures and VIX options on the Exchange, which will provide a venue for order exposure and price discovery (with respect to the VIX options legs, as the VX futures legs may execute only at the prices specified by the User upon order entry). These are bona fide investment strategies that reduce market participants' risk and facilitate hedging. A robust and competitive market requires that exchanges respond to investors' evolving needs by constantly improving their offerings. When Congress charged the Commission with supervising the development of a "national market system" for securities, Congress stated its intent that the "national market system evolve through the interplay of competitive forces as unnecessary regulatory restrictions are removed.[45] Consistent with this purpose, Congress and the Commission have repeatedly stated their preference for competition, rather than regulatory intervention to determine products and services in the securities markets.[46] This consistent and considered judgment of Congress and the Commission is correct, particularly in light of evidence of robust competition in the options trading industry. The fact that an exchange proposed something new is a reason to be receptive, not skeptical — innovation is the life-blood of a vibrant competitive market — and that is particularly so given the continued internationalization of the securities markets, as exchanges continue to implement new products and services to compete not only in the United States but throughout the world. Options exchanges continuously adopt new and different products and trading services in response to industry demands in order

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45 See H.R. Rep. No. 94-229, at 92 (1975) (Conf. Rep.).

46 See S. Rep. No. 94-75, 94th Cong., 1st Sess. 8 (1975) ("The objective [in enacting the 1975 amendments to the Exchange Act] would be to enhance competition and to allow economic forces, interacting within a fair regulatory field, to arrive at appropriate variations in practices and services."); Order Approving Proposed Rule Change Relating to NYSE Arca Data, Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770 (December 9, 2008) ("The Exchange Act and its legislative history strongly support the Commission's reliance on competition, whenever possible, in meeting its regulatory responsibilities for overseeing the [self-regulatory organizations] and the national market system. Indeed, competition among multiple markets and market participants trading the same products is the hallmark of the national market system."); and Regulation NMS, 70 FR at 37499 (observing that NMS regulation "has been remarkably successful in promoting market competition in [the] forms that are most important to investors and listed companies").

to attract order flow and liquidity to increase their trading volume. This competition has led to a growth in investment choices, which ultimately benefits the marketplace and the public. The Exchange believes that the proposed rule change will help further competition by providing market participants with yet another investment option for the listed options market.

While a VIX future-option order contains a component that is not a security, the Exchange believes the proposed rule change may be approved as consistent with the Exchange Act. The Commission's primary purposes are to protect investors and maintain fair, orderly, and efficient markets.[47] As discussed in this rule filing, the primary purpose of this proposal is to create a more efficient mechanism for investors to execute their investment strategies that include VIX options and VX futures components. VX futures are highly correlated and strongly related to VIX options, given they both overlie the same index and thus have similar characteristics.[48] As a result, the Exchange believes that VIX futures-option orders are related to the purposes of the Act, which would make it appropriate for the Commission to approve this proposal.[49] Consistent with Congress's finding in connection with the establishment of a national market system, the proposed rule

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47 See SEC.gov | Mission.

48 See Cboe VIX Index Futures & Options Fact Sheet, available at https://cdn.cboe.com/resources/vix_options/VIX_fact_sheet.pdf.

49 See 15 U.S.C. 78f(b)(5); see also Alliance for Fair Board Recruitment & National Center for Public Policy Research v. Securities and Exchange Commission, No. 21-60626 (5th Circuit December 11, 2024), at 4 ("AFBR v. SEC"). The Act provides that exchanges may not regulate matters not related to the Act's purposes. It is common practice for market participants to engage in investment strategies that involve securities and non-securities. As part of its need to regulate securities transactions, the Exchange may request information from other exchanges (including about non-securities) that relate to those securities transactions. Therefore, it is possible for the execution of a non-security, such as a future, to be related to the purposes of the Act and thus permit the Exchange to adopt rules related to such non-securities transactions when they are tied to securities transactions occurring on the Exchange.

change strengthens the securities market by providing investors with a more efficient and transparent mechanisms to execute VIX options that are part of investment strategies that include VX futures.[50] As discussed above, the proposed rule change promotes a more economically efficient manner to execute VIX options transactions that are tied to VX futures.[51] The proposed rule change may also reduce the execution and price risks that accompany the current method of executing VIX options and VX futures as separate transactions, as well as increase transparency by providing a listed environment to execute these transactions. While the price discovery for the VIX options will occur on the Exchange (which price discovery would impact the price of the entire package that includes the VX futures), the VX futures leg may execute only at the price specified by the User upon order entry. The execution of the VX futures must still occur in accordance with CFE rules and will be regulated by CFE and the CFTC. Therefore, the proposed rule change increases the information available with respect to these transactions and improves the practicability of executing these orders in the best market, which ultimately enables market participants to receive better executions of their orders.[52]

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. The Exchange does not believe that the proposed rule change will impose any

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50 See 15 U.S.C. 78k-1(a)(1).

51 See 15 U.S.C. 78k-1(a)(1)(C)(i).

52 See 15 U.S.C. 78k-1(a)(1)(C)(iii) – (v). Further, reduction in price risk that currently results from separate transaction may ultimately reduce overall transactions costs associated with execution of VIX options and the related VX future as it may lower the overall cost of the transaction. This plausible reduction in transactions associated with executing this securities trade "presumably relate[s] to the purpose of" the national market system. See AFBR v. SEC, at 27.

burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because VIX future-option orders will be available to all TPHs and will execute in the same manner. VIX future-option orders will be available to all Users on a voluntary basis, and Users will not be required to use VIX future-option orders to execute investment strategies comprised of option and future components. Users may continue to execute these strategies as they do today by entering a VIX option order on the Exchange and separately executing the VX future component on CFE. For Users that elect to use the proposed functionality, the Exchange believes the proposed rule change would reduce price and execution risk that currently exists when executing these strategies. The Exchange understands investors currently execute investment strategies comprised of VIX option and VX future components today. Investors may continue to do so; however, the proposed rule change merely provides them with a simpler, more efficient, transparent, and competitive execution mechanism for hedging and other investment strategies that contain VIX options and VX futures components.

The Exchange does not believe the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because other options exchanges may propose similar functionality (and previously have, as noted above). The proposed rule change is intended to provide investors with an alternative to execute these investment strategies through separate transactions or in the unregulated and opaque OTC market by providing investors with the ability to execute these strategies in a single transaction in an exchange environment. The Exchange believes this would result in increased market transparency, enhanced efficiency in initiating and closing out positions, and heightened contra-party creditworthiness. The proposed rule change is designed to provide investors with a more efficient and lower risk mechanism to execute investment strategies comprised of futures and options components, and ultimately the Exchange believes it may relieve any burden on, or otherwise promote, competition.

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

The Exchange neither solicited nor received written 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. Please include file number

SR-CBOE-2026-004 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-CBOE-2026-004. 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-CBOE-2026-004 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.[53]

Sherry R. Haywood,

Assistant Secretary.

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53 17 CFR 200.30-3(a)(12).

EXHIBIT 4

Additions set forth in the proposed rule text of original SR-CBOE-2026-004 are underlined; deletions are [bracketed]. Additional changes being made pursuant to Amendment No. 1 to SR-CBOE-2026-004 are double-underlined; deletions being made pursuant to Amendment No. 1 to SR-CBOE-2026-004 are struck-through.

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Rules of Cboe Exchange, Inc.

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Rule 1.1. Definitions

When used in the Rules, unless the context otherwise requires:

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Complex Order

The term "complex order" means an order or quote involving the concurrent execution of two or more different series in the same underlying security or index (the "legs" or "components" of the complex order), for the same account, occurring at or near the same time and for the purpose of executing a particular investment strategy with no more than the applicable number of legs (which number the Exchange determines on a class-by-class basis). The Exchange determines in which classes complex orders and quotes are eligible for processing. The Exchange determines on a class-by-class basis whether non-conforming complex orders are eligible for electronic processing. Unless the context otherwise requires, the term complex order includes Index Combo orders, stock-option orders, VIX future-option orders, and security future-option orders.

Conforming Complex Order

The term "conforming complex order" means (a) a complex order with a ratio on the options legs greater than or equal to one-to-three (.333) or less than or equal to three-to-one (3.00), (b) an Index Combo order, [and] (c) a stock-option order with a ratio less than or equal to eight-to-one (8.00), where the ratio represents the total number of units of the underlying stock or convertible security in the option leg(s) to the total number of units of the underlying stock or convertible security in the stock leg, and (d) a VIX future-option order. For the purpose of applying these ratios to complex orders comprised of legs for both mini-options and standard options, ten mini-option contracts represent one standard option contract. For the purpose of applying these ratios to complex orders comprised of legs for both micro-options and standard options, 100 micro-option contracts represent one standard option contract.

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Inter-Regulatory Spread Order

The term "inter-regulatory spread" order means an order involving the simultaneous purchase and/or sale of at least one unit in contracts each of which is subject to different regulatory jurisdictions at stated limits, or at a stated differential, or at market prices on (a) the Exchange, with respect to VIX future-option orders, or (b) the floor of the Exchange, with respect to other inter-regulatory spread orders.

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User

The term "User" means any TPH or Sponsored User who is authorized to obtain access to the System pursuant to Rule 5.5.

VIX Future-Option Order

A VIX future-option order, which is deemed an inter-regulatory spread order for purposes of the Rules, is an order to buy or sell a stated number of ~~related~~ VX futures contract(s) coupled with the purchase or sale of a~~n~~ VIX option contract(s) on the Exchange. VIX ~~F~~future-option orders are ~~available for~~ comprised of VIX options and VX futures (the designated contract market ("DCM") for which is Cboe Futures Exchange, LLC ("CFE").~~), which may be referred to as "~~VIX future-option orders~~."~~ are eligible for electronic processing only.

(a) *Risk Offset Requirement.*

(1) A VIX future-option order must be comprised of "groups" of offsetting VX future and VIX option legs. The VX future and VIX option components of each group must have the same expiration, and the VX future leg(s) in a group must provide a risk offset to the VIX option leg(s) in that group of no less than 10% and no greater than 125%. A VIX future-option order satisfies this risk offset requirement if the delta value of each group is no greater than -0.10 and no less than -1.25. -The System rejects a VIX future-option order if any VIX option contract leg or VX futures contract leg cannot be grouped with any VX future leg or VIX option leg, respectively.

(A) The delta value of a VIX option leg equals the expected change in the price of that option contract given a \$1.00 change in the value of the VIX Index.

(B) The delta value of a VX future leg equals one~~the amount set forth in CFE rules or contract specifications~~.

(C) The delta value of each VIX option leg is multiplied by its multiplier of 100, and the delta value of each VX future leg is multiplied by its multiplier of 1,000.

(D) The sum of the VX future legs delta values divided by the sum of the VIX option legs delta values~~, which~~ equals the delta value for the order.

(2) If the System determines that a complex strategy comprised of VX future (at a price specified by the User upon order entry~~price~~) and VIX option legs satisfies the risk offset requirement, it accepts all VIX future-option orders for that complex strategy for the remainder of th~~e~~at trading day.

(b) *Order Entry.*

(1) A VIX future-option order ~~may~~ must be Electronic Only and must be ~~IOC or~~ Day or IOC~~only~~.

(2) A User must include a reasonable delta value for each VIX option leg of a VIX future-option order (excluding auction responses).

(3) A User must include a net price for the VIX option leg(s) and a specified price for each VX futures leg of a VIX future-option order.

* * * * *

Rule 4.21. Series of FLEX Options

(a) No change.

(b) When submitting a FLEX Order for a FLEX Option series to the System, the submitting FLEX Trader must include one of each of the following terms in the FLEX Order (all other terms of a FLEX Option series are the same as those that apply to non-FLEX Options), provided that (1) a FLEX Index Option with an index multiplier of one may not be the same type (put or call) and may not have the same exercise style, expiration date, settlement type, and exercise price as a non-FLEX Index Option overlying the same index listed for trading (regardless of the index multiplier of the non-FLEX Index Option), ~~[and further provided that]~~(2) a FLEX Equity Option overlying an ETF (cash- or physically settled) may not be the same type (put or call) and may not have the same exercise style, expiration date, and exercise price as a non-FLEX Equity Option overlying the same ETF, which terms constitute the FLEX Option series, and (3) the submitting FLEX Trader of a FLEX VIX future-option order may not modify the terms of the VX future leg(s), as the terms of VX futures are determined by CFE:

* * * * *

Rule 5.33. Complex Orders

Trading of complex orders (as defined in Rule 1.1) is subject to all other Rules applicable to the trading of orders, unless otherwise provided in this Rule 5.33.

(a) *Definitions.* For purposes of this Rule 5.33, the following terms have the meanings below. A term defined elsewhere in the Rules has the same meaning with respect to this Rule 5.33, unless otherwise defined below.

* * * * *

Synthetic Best Bid or Offer and SBBO

The terms “Synthetic Best Bid or Offer” and “SBBO” mean the best net bid and net offer on the Exchange for a complex strategy calculated using:

(1) for complex orders and VIX future-option orders, the BBO for each option component (or the NBBO for a component if the BBO for that component is not available) of a complex strategy from the Simple Book; and

(2) No change.

Synthetic National Best Bid or Offer and SNBBO

The terms “Synthetic National Best Bid or Offer” and “SNBBO” mean the national best net bid and net offer for a complex strategy calculated using:

(1) for complex orders~~ and future-option orders~~, the NBBO for each ~~option ~~component of a complex strategy~~[,]~~; and

(2) No change.

(b) *Types of Complex Orders.* Complex orders are available in all classes listed for trading on the Exchange. Complex orders may be market or limit orders.

(1) – (4) No change.

(5) The System also accepts the following instructions for complex orders:

* * * * *

Stock-Option Order

A “stock-option order” is the purchase or sale of a stated number of units of an underlying stock or a security convertible into the underlying stock (“convertible security”) coupled with the purchase or sale of an option contract(s) on the opposite side of the market representing either (i) the same number of units of the underlying stock or convertible security or (ii) the number of units of the underlying stock necessary to create a delta neutral position. In classes determined by the Exchange, a nonconforming stock-option order, is not eligible for electronic processing, including COA, COB, C-AIM, and C-SAM. Only those stock-option orders in the classes designated by the Exchange with no more than the applicable number of legs are eligible for processing. Stock-option orders execute in the same manner as other complex orders, except as otherwise specified in this Rule.

VIX Future-Option Order

A “VIX future-option order” is defined in Rule 1.1. Only VIX future-option orders with no more than the applicable number of legs are eligible for electronic processing. VIX ~~F~~future-option orders execute in the same manner as other complex orders, except as otherwise specified in this Rule.

* * * * *

(f) *Minimum Increments, Execution Prices, and Priority.*

(1) *Minimum Increments.*

(A) – (B) No change.

(C) *VIX Future-Option Orders.* Users may express bids and offers for a VIX future-option order in ~~any decimal price~~ the number of decimals permissible for VX futures ~~Exchange determines~~. The minimum increment for the option leg(s) of a VIX future-option order is $0.01 or greater, which the Exchange may determine ~~on a class-by-class basis,~~ regardless of the minimum increments otherwise applicable to the VIX option leg(s), and the VX futures leg(s) of a VIX future-option order may be executed in any decimal price CFE permits~~permitted by the DCM on which the applicable futures trade~~.

(2) *Execution Prices and Complex Order Priority.*

(A) – (B) No change.

(C) *VIX Future-Option Orders.*

(i) For a VIX future-option order with one VIX option leg, the VIX option leg may not trade at a price worse than the individual component price on the Simple Book or at the same price as a Priority Customer Order on the Simple Book.

(ii) For a VIX future-option order with more than one VIX option leg, the VIX option legs must trade at prices (applicable to conforming complex orders) pursuant subparagraph (A) above.

(iii) A VIX future-option order may only execute if the VX futures leg(s) is executable at the ~~specified~~ price(s) specified by the User upon order entry.

(3) No change.

(g) *Legging.* A complex order may execute against orders and quotes resting in the Simple Book pursuant to subparagraphs (d)(5)(A) and (e) if it can execute in full or in a permissible ratio and if it has no more than a maximum number of legs (which the Exchange determines on a class-by-class basis and may be up to 16) ("Legging"), subject to the following restrictions:

(1) – (4) No change.

(5) Stock-option orders and VIX future-option orders may not Leg into the Simple Book and may only execute against other stock-option orders or VIX future-option orders, respectively.

(6) – (7) No change.

(h) – (n) No change.

(o) *Future-Option Orders*. VIX ~~F~~future-option orders execute in the same manner as other complex orders pursuant to this Rule, except as follows:

(1) *Future Component Communication.* When a User submits to the System a VIX future-option order~~:~~

~~(A) if the User is also a member of the DCM on which the applicable future trades and the Exchange has established electronic communication with the DCM~~, the Exchange will electronically communicate the VX future component (at the price specified by the User upon order entry) of the VIX future-option order to CFE ~~the DCM~~ on behalf of the User (if the User is also a CFE member)~~;~~ or

~~(B) if the User is not also a member of the DCM on which the applicable future trades, the User must designate a specific futures commission merchant ("FCM") or introducing broker ("IB") with which it has entered into an agreement pursuant to Interpretation and Policy .05 of this Rule (~~the ~~"~~designated FCM/IB (if the User is not also a CFE member, as described in Interpretation and Policy .05 of this Rule)~~") to which the Exchange will electronically communicate the futures component of the future-option order on behalf of the User~~.

(2) *Execution*. A VIX future-option order may execute against other VIX future-option orders (or auction responses ~~COA Responses~~, if applicable), but may not execute against orders in the Simple Book. A VIX future-option order may only execute if the price complies with subparagraph (f)(2)(C) above.

(A) *Execution of VIX Option Component(s)*. If a VIX future-option order can execute upon entry or following a COA (or other auction mechanisms set forth in the Rules), or if it can execute following evaluation while resting in the COB pursuant to paragraph (i), the System executes the VIX option component(s) of a VIX future-option order against the VIX option component(s) of other VIX future-option orders resting in the COB or COA (or other auction mechanism) responses pursuant to the allocation algorithm applicable to the class pursuant to subparagraph (d)(5)(A)(ii) above, as applicable, but does not immediately send the User a trade execution report, and then automatically communicates the VX future component(s) (at the price(s) specified by the User upon order entry) to ~~the DCM or the designated FCM/IB, as applicable,~~ CFE for execution ~~at the DCM on which the futures trade~~.

(B) *Execution of VX Future Component(s).* Each VX futures component of a VIX future-option order may only execute at the price specified by the User upon entry of the order into the System. If the System receives an execution report for the VX future component(s) (at the price(s) specified by the User upon order entry) from CFE on behalf of the User ~~the DCM~~ or the designated FCM/IB, as applicable, the Exchange sends the User the trade execution report for the VIX future-option order, including execution information for the VX future and VIX option components. If the System receives a report from CFE ~~the DCM or the designated FCM/IB~~ that the VX future component(s)~~, as applicable,~~ cannot execute, the Exchange nullifies the VIX option component(s) trade and notifies the User of the reason for the nullification.

If a VIX future-option order is not marketable, it rests in the COB (if eligible to rest), subject to a User's instructions.

Interpretations and Policies

.01 – .04 No change.

.05 *VIX Future-Option Orders.* To submit a VIX future-option order to the Exchange for execution, if the User is not also a CFE member ~~of the DCM on which the applicable future trades~~, a User must enter into an agreement with one or more futures commission merchants ("FCMs") or introducing brokers ("IBs") that are not affiliated with the Exchange, which FCM/IB(s) the Exchange has designated ~~identified~~ as ~~having connectivity~~ being registered with the Exchange to serve as the routing broker for ~~electronically communicate~~ the VX futures components of VIX future-option orders ~~to the DCM on which the futures trade~~. A User that is not also a CFE member must designate on each VIX future-option order submitted to the Exchange the FCM/IB that is the routing broker for the VX future component of that order. While the Exchange communicates the VX future component of a VIX future-option order to CFE on behalf of the FCM/IB designated by each User that is a party to the transaction, and CFE will communicate whether the VX future component of a VIX future-option order was executed to the Exchange, the designated FCM/IB is agent and broker for the executing CFE member and will receive copies of any VX future execution reports.

* * * * *

Rule 5.70. Availability of Orders

(a) No change.

(b) The Exchange may make complex orders (as defined in Rule 1.1), including security future-option orders, [and] stock-option orders, and VIX future-option orders, available for FLEX trading. The legs of a complex FLEX Order may be for FLEX Option series only or a combination of FLEX Option series and non-FLEX Option series ("FLEX v. Non-FLEX Order"). Complex FLEX Orders may have up to the maximum number of legs determined by the Exchange.

For a FLEX Index Option, each leg may have a different settlement type (a.m.-settled or p.m.-settled), except each leg must have the same settlement type if designated as Asian-settled or Cliquet-settled.

* * * * *

Rule 5.72. FLEX Trading

(a) No change.

(b) *FLEX Orders.* A FLEX Option series is only eligible for trading if a FLEX Trader (the "Submitting FLEX Trader") (i) submits a FLEX Order for that series into an electronic FLEX Auction pursuant to paragraph (c) of this Rule, (ii) represents the FLEX Order in an open outcry FLEX Auction pursuant to paragraph (d) of this Rule, or (iii) submits the FLEX Order to a FLEX AIM or SAM Auction pursuant to Rule 5.73 or 5.74, respectively.

(1) No change.

(2) *Complex FLEX Order.* A FLEX Order for a FLEX Option complex strategy submitted to the System must satisfy the criteria for a complex FLEX Order set forth in Rule 5.70(b) and include size, side of the market, and a net debit or credit price. Additionally, each FLEX Option leg of the FLEX Option complex strategy must include all terms for a FLEX Option series set forth in Rule 4.21 (including that a non-FLEX Option series with identical terms is not listed for trading), subject to the order entry requirements set forth in Rule 5.7.

(A) – (B) No change.

(C) *VIX Future-Option Orders.* A FLEX VIX Future-Option Order submitted into the System for an electronic FLEX Auction pursuant to paragraph (c) below (or any other electronic FLEX auction mechanism available under the Rules) must include a specified price for each VX futures leg. If the VX future leg(s) of a FLEX VIX future-option order cannot execute at the price(s) specified by the User upon order entry, it will be cancelled.

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Rule 6.5. Nullification and Adjustment of Option Transactions Including Obvious Errors

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Interpretations and Policies

.01 – .06 No change.

.07 *Complex Orders, [and] Stock-Option Orders, and VIX Future-Option Orders.*

(a) – (b) No change.

(c) If the option leg of a stock-option order or VIX future-option order qualifies as an Obvious Error under subparagraph (c)(1) or a Catastrophic Error under subparagraph (d)(1), then the option leg that is an Obvious or Catastrophic Error will be adjusted in accordance with subparagraph (c)(4)(A) or (d)(3), respectively, regardless of whether one of the parties is a Customer. However, the option leg of any Customer order subject to this paragraph (c) will be nullified if the adjustment would result in an execution price higher (for buy transactions) or lower (for sell transactions) than the Customer's limit price on the stock-option order or VIX future-option order, as applicable, and the Exchange will attempt to nullify the stock leg or VX future leg, as applicable. Whenever a stock trading venue nullifies the stock leg of a stock-option order or whenever the stock leg cannot be executed, the Exchange will nullify the option leg upon request of one of the parties to the transaction or in accordance with subparagraph (c)(3). Whenever CFE ~~a DCM~~ nullifies the VX future leg(s) of a VIX future-option order or whenever the VX future leg(s) cannot be executed (including at the price(s) specified by the User upon order entry), the Exchange will nullify the VIX option leg upon request of one of the parties to the transaction or in accordance with subparagraph (c)(3).

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Rule 6.6. Clearing Editor

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Interpretations and Policies

.01 No change.

.02 Trading Permit Holders may update only the VIX option component of a VIX future-option order or a security-future order trade using Clearing Editor.

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EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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Rules of Cboe Exchange, Inc.

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Rule 1.1. Definitions

When used in the Rules, unless the context otherwise requires:

* * * * *

Complex Order

The term "complex order" means an order or quote involving the concurrent execution of two or more different series in the same underlying security or index (the "legs" or "components" of the complex order), for the same account, occurring at or near the same time and for the purpose of executing a particular investment strategy with no more than the applicable number of legs (which number the Exchange determines on a class-by-class basis). The Exchange determines in which classes complex orders and quotes are eligible for processing. The Exchange determines on a class-by-class basis whether non-conforming complex orders are eligible for electronic processing. Unless the context otherwise requires, the term complex order includes Index Combo orders, stock-option orders, VIX future-option orders, and security future-option orders.

Conforming Complex Order

The term "conforming complex order" means (a) a complex order with a ratio on the options legs greater than or equal to one-to-three (.333) or less than or equal to three-to-one (3.00), (b) an Index Combo order, [and] (c) a stock-option order with a ratio less than or equal to eight-to-one (8.00), where the ratio represents the total number of units of the underlying stock or convertible security in the option leg(s) to the total number of units of the underlying stock or convertible security in the stock leg, and (d) a VIX future-option order. For the purpose of applying these ratios to complex orders comprised of legs for both mini-options and standard options, ten mini-option contracts represent one standard option contract. For the purpose of applying these ratios to complex orders comprised of legs for both micro-options and standard options, 100 micro-option contracts represent one standard option contract.

* * * * *

Inter-Regulatory Spread Order

The term "inter-regulatory spread" order means an order involving the simultaneous purchase and/or sale of at least one unit in contracts each of which is subject to different regulatory jurisdictions at stated limits, or at a stated differential, or at market prices on (a) the Exchange, with respect to VIX future-option orders, or (b) the floor of the Exchange, with respect to other inter-regulatory spread orders.

* * * * *

User

The term "User" means any TPH or Sponsored User who is authorized to obtain access to the System pursuant to Rule 5.5.

VIX Future-Option Order

A VIX future-option order, which is deemed an inter-regulatory spread order for purposes of the Rules, is an order to buy or sell a stated number of VX futures contract(s) coupled with the purchase or sale of a VIX option contract(s) on the Exchange. VIX future-option orders are comprised of VIX options and VX futures (the designated contract market ("DCM") for which is Cboe Futures Exchange, LLC ("CFE")). VIX future-option orders are eligible for electronic processing only.

(a) *Risk Offset Requirement.*

(1) A VIX future-option order must be comprised of "groups" of offsetting VX future and VIX option legs. The VX future and VIX option components of each group must have the same expiration, and the VX future leg(s) in a group must provide a risk offset to the VIX option leg(s) in that group of no less than 10% and no greater than 125%. A VIX future-option order satisfies this risk offset requirement if the delta value of each group is no greater than -0.10 and no less than -1.25. The System rejects a VIX future-option order if any VIX option contract leg or VX futures contract leg cannot be grouped with any VX future leg or VIX option leg, respectively.

(A) The delta value of a VIX option leg equals the expected change in the price of that option contract given a $1.00 change in the value of the VIX Index.

(B) The delta value of a VX future leg equals one.

(C) The delta value of each VIX option leg is multiplied by its multiplier of 100, and the delta value of each VX future leg is multiplied by its multiplier of 1,000.

(D) The sum of the VX future legs delta values divided by the sum of the VIX option legs delta values equals the delta value for the order.

(2) If the System determines that a complex strategy comprised of VX future (at a price specified by the User upon order entry) and VIX option legs satisfies the risk offset requirement, it accepts all VIX future-option orders for that complex strategy for the remainder of that trading day.

(b) *Order Entry.*

(1) A VIX future-option order must be Electronic Only and must be Day or IOC.

(2) A User must include a reasonable delta value for each VIX option leg of a VIX future-option order (excluding auction responses).

(3) A User must include a net price for the VIX option leg(s) and a specified price for each VX futures leg of a VIX future-option order.

* * * * *

Rule 4.21. Series of FLEX Options

(a) No change.

(b) When submitting a FLEX Order for a FLEX Option series to the System, the submitting FLEX Trader must include one of each of the following terms in the FLEX Order (all other terms of a FLEX Option series are the same as those that apply to non-FLEX Options), provided that (1) a FLEX Index Option with an index multiplier of one may not be the same type (put or call) and may not have the same exercise style, expiration date, settlement type, and exercise price as a non-FLEX Index Option overlying the same index listed for trading (regardless of the index multiplier of the non-FLEX Index Option), [and further provided that](2) a FLEX Equity Option overlying an ETF (cash- or physically settled) may not be the same type (put or call) and may not have the same exercise style, expiration date, and exercise price as a non-FLEX Equity Option overlying the same ETF, which terms constitute the FLEX Option series, and (3) the submitting FLEX Trader of a FLEX VIX future-option order may not modify the terms of the VX future leg(s), as the terms of VX futures are determined by CFE:

* * * * *

Rule 5.33. Complex Orders

Trading of complex orders (as defined in Rule 1.1) is subject to all other Rules applicable to the trading of orders, unless otherwise provided in this Rule 5.33.

(a) *Definitions.* For purposes of this Rule 5.33, the following terms have the meanings below. A term defined elsewhere in the Rules has the same meaning with respect to this Rule 5.33, unless otherwise defined below.

* * * * *

Synthetic Best Bid or Offer and SBBO

The terms “Synthetic Best Bid or Offer” and “SBBO” mean the best net bid and net offer on the Exchange for a complex strategy calculated using:

(1) for complex orders and VIX future-option orders, the BBO for each option component (or the NBBO for a component if the BBO for that component is not available) of a complex strategy from the Simple Book; and

(2) No change.

(b) *Types of Complex Orders.* Complex orders are available in all classes listed for trading on the Exchange. Complex orders may be market or limit orders.

(1) – (4) No change.

(5) The System also accepts the following instructions for complex orders:

* * * * *

Stock-Option Order

A "stock-option order" is the purchase or sale of a stated number of units of an underlying stock or a security convertible into the underlying stock ("convertible security") coupled with the purchase or sale of an option contract(s) on the opposite side of the market representing either (i) the same number of units of the underlying stock or convertible security or (ii) the number of units of the underlying stock necessary to create a delta neutral position. In classes determined by the Exchange, a nonconforming stock-option order, is not eligible for electronic processing, including COA, COB, C-AIM, and C-SAM. Only those stock-option orders in the classes designated by the Exchange with no more than the applicable number of legs are eligible for processing. Stock-option orders execute in the same manner as other complex orders, except as otherwise specified in this Rule.

<u>VIX Future-Option Order</u>

<u>A "VIX future-option order" is defined in Rule 1.1. Only VIX future-option orders with no more than the applicable number of legs are eligible for electronic processing. VIX future-option orders execute in the same manner as other complex orders, except as otherwise specified in this Rule.</u>

* * * * *

(f) *Minimum Increments, Execution Prices, and Priority.*

(1) *Minimum Increments.*

(A) – (B) No change.

<u>(C) *VIX Future-Option Orders.* Users may express bids and offers for a VIX future-option order in the number of decimals permissible for VX futures. The minimum increment for the option leg(s) of a VIX future-option order is $0.01 or greater, which the Exchange may determine regardless of the minimum increments otherwise applicable to the VIX option leg(s), and the VX futures leg(s) of a VIX future-option order may be executed in any decimal price CFE permits.</u>

(2) *Execution Prices and Complex Order Priority.*

(A) – (B) No change.

(C) *VIX Future-Option Orders.*

(i) For a VIX future-option order with one VIX option leg, the VIX option leg may not trade at a price worse than the individual component price on the Simple Book or at the same price as a Priority Customer Order on the Simple Book.

(ii) For a VIX future-option order with more than one VIX option leg, the VIX option legs must trade at prices (applicable to conforming complex orders) pursuant subparagraph (A) above.

(iii) A VIX future-option order may only execute if the VX futures leg(s) is executable at the price(s) specified by the User upon order entry.

(3) No change.

(g) *Legging.* A complex order may execute against orders and quotes resting in the Simple Book pursuant to subparagraphs (d)(5)(A) and (e) if it can execute in full or in a permissible ratio and if it has no more than a maximum number of legs (which the Exchange determines on a class-by-class basis and may be up to 16) ("Legging"), subject to the following restrictions:

(1) – (4) No change.

(5) Stock-option orders and VIX future-option orders may not Leg into the Simple Book and may only execute against other stock-option orders or VIX future-option orders, respectively.

(6) – (7) No change.

(h) – (n) No change.

(o) *Future-Option Orders.* VIX future-option orders execute in the same manner as other complex orders pursuant to this Rule, except as follows:

(1) *Future Component Communication.* When a User submits to the System a VIX future-option order, the Exchange will electronically communicate the VX future component (at the price specified by the User upon order entry) of the VIX future-option order to CFE on behalf of the User (if the User is also a CFE member) or the designated FCM/IB (if the User is not also a CFE member, as described in Interpretation and Policy .05 of this Rule).

(2) *Execution*. A VIX future-option order may execute against other VIX future-option orders (or auction responses, if applicable), but may not execute against orders in the Simple Book. A VIX future-option order may only execute if the price complies with subparagraph (f)(2)(C) above.

(A) *Execution of VIX Option Component(s).* If a VIX future-option order can execute upon entry or following a COA (or other auction mechanisms set forth in the Rules), or if it can execute following evaluation while resting in the COB pursuant to paragraph (i), the System executes the VIX option component(s) of a VIX future-option order against the VIX option component(s) of other VIX future-option orders resting in the COB or COA (or other auction mechanism) responses pursuant to the allocation algorithm applicable to the class pursuant to subparagraph (d)(5)(A)(ii) above, as applicable, but does not immediately send the User a trade execution report, and then automatically communicates the VX future component(s) (at the price(s) specified by the User upon order entry) to CFE for execution.

(B) *Execution of VX Future Component(s).* Each VX futures component of a VIX future-option order may only execute at the price specified by the User upon entry of the order into the System. If the System receives an execution report for the VX future component(s) (at the price(s) specified by the User upon order entry) from CFE on behalf of the User or the designated FCM/IB, as applicable, the Exchange sends the User the trade execution report for the VIX future-option order, including execution information for the VX future and VIX option components. If the System receives a report from CFE that the VX future component(s) cannot execute at the price(s) specified by the User upon order entry, the Exchange nullifies the VIX option component(s) trade and notifies the User of the reason for the nullification.

If a VIX future-option order is not marketable, it rests in the COB (if eligible to rest), subject to a User's instructions.

Interpretations and Policies

.01 – .04 No change.

.05 *VIX Future-Option Orders.* To submit a VIX future-option order to the Exchange for execution, if the User is not also a CFE member, a User must enter into an agreement with one or more futures commission merchants ("FCMs") or introducing brokers ("IBs") that are not affiliated with the Exchange, which FCM/IB(s) the Exchange has designated as being registered with the Exchange to serve as a routing broker for the VX futures components of VIX future-option orders. A User that is not also a CFE member must designate on each VIX future-option order submitted to the Exchange the FCM/IB that is the routing broker for the VX future component of that order. While the Exchange communicates the VX future component of a VIX future-option order to CFE on behalf of the FCM/IB designated by each User that is a party to the transaction, and CFE will communicate whether the VX future component of a VIX future-option order was executed to the Exchange, the designated FCM/IB is agent and broker for the executing CFE member and will receive copies of any VX future execution reports.

* * * * *

Rule 5.70. Availability of Orders

(a) No change.

(b) The Exchange may make complex orders (as defined in Rule 1.1), including security future-option orders, [and] stock-option orders, and VIX future-option orders, available for FLEX trading. The legs of a complex FLEX Order may be for FLEX Option series only or a combination of FLEX Option series and non-FLEX Option series ("FLEX v. Non-FLEX Order"). Complex FLEX Orders may have up to the maximum number of legs determined by the Exchange.

* * * * *

Rule 5.72. FLEX Trading

(a) No change.

(b) *FLEX Orders.* A FLEX Option series is only eligible for trading if a FLEX Trader (the "Submitting FLEX Trader") (i) submits a FLEX Order for that series into an electronic FLEX Auction pursuant to paragraph (c) of this Rule, (ii) represents the FLEX Order in an open outcry FLEX Auction pursuant to paragraph (d) of this Rule, or (iii) submits the FLEX Order to a FLEX AIM or SAM Auction pursuant to Rule 5.73 or 5.74, respectively.

(1) No change.

(2) *Complex FLEX Order.* A FLEX Order for a FLEX Option complex strategy submitted to the System must satisfy the criteria for a complex FLEX Order set forth in Rule 5.70(b) and include size, side of the market, and a net debit or credit price. Additionally, each FLEX Option leg of the FLEX Option complex strategy must include all terms for a FLEX Option series set forth in Rule 4.21 (including that a non-FLEX Option series with identical terms is not listed for trading), subject to the order entry requirements set forth in Rule 5.7.

(A) – (B) No change.

(C) *VIX Future-Option Orders.* A FLEX VIX Future-Option Order submitted into the System for an electronic FLEX Auction pursuant to paragraph (c) below (or any other electronic FLEX auction mechanism available under the Rules) must include a specified price for each VX futures leg. If the VX future leg(s) of a FLEX VIX future-option order cannot execute at the price(s) specified by the User upon order entry, it will be cancelled.

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Rule 6.5. Nullification and Adjustment of Option Transactions Including Obvious Errors

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Interpretations and Policies

.01 – .06 No change.

.07 *Complex Orders, [and] Stock-Option Orders, and VIX Future-Option Orders.*

(a) – (b) No change.

(c) If the option leg of a stock-option order or VIX future-option order qualifies as an Obvious Error under subparagraph (c)(1) or a Catastrophic Error under subparagraph (d)(1), then the option leg that is an Obvious or Catastrophic Error will be adjusted in accordance with subparagraph (c)(4)(A) or (d)(3), respectively, regardless of whether one of the parties is a Customer. However, the option leg of any Customer order subject to this paragraph (c) will be nullified if the adjustment would result in an execution price higher (for buy transactions) or lower (for sell transactions) than the Customer's limit price on the stock-option order or VIX future-option order, as applicable, and the Exchange will attempt to nullify the stock leg or VX future leg, as applicable. Whenever a stock trading venue nullifies the stock leg of a stock-option order or whenever the stock leg cannot be executed, the Exchange will nullify the option leg upon request of one of the parties to the transaction or in accordance with subparagraph (c)(3). Whenever CFE nullifies the VX future leg(s) of a VIX future-option order or whenever the VX future leg(s) cannot be executed (including at the price(s) specified by the User upon order entry), the Exchange will nullify the VIX option leg upon request of one of the parties to the transaction or in accordance with subparagraph (c)(3).

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Rule 6.6. Clearing Editor

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Interpretations and Policies

.01 No change.

.02 Trading Permit Holders may update only the VIX option component of a VIX future-option order or a security-future order trade using Clearing Editor.

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