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Page 1 of \* 44

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

File No. \* SR 2026 - \* 016

Amendment No. (req. for Amendments \*)

Filing by Cboe Exchange, Inc.

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

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>
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Rule

<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)

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

Section 806(e)(1) \*

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Section 806(e)(2) \*

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Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(2) \*

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Exhibit 2 Sent As Paper Document

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Exhibit 3 Sent As Paper Document

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### Description

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

The Exchange proposes to amend rules relating to Designated Primary Market Makers and DPM Appointments in Global Trading Hours and Curb Sessions.

### 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 *	Karen	Last Name *	Bilek
Title *	Assistant General Counsel		
E-mail *	kbilek@cboe.com		
Telephone *	(312) 786-7128	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 01/30/2026

(Title \*)

By Laura G. Dickman

(Name \*)

VP, Associate General Counsel

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

Laura Dickman

Date: 2026.01.30  
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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

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

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26-016 (DPMs in GTH) 19b-4 - DPMs

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

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

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26-016 (DPMs in GTH) Exhibit 1 (1-29

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

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

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

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

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

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Exhibit Sent As Paper Document

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

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

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Exhibit Sent As Paper Document

**Exhibit 4 - Marked Copies**

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

**Exhibit 5 - Proposed Rule Text**

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26-016 (DPMs in GTH) Exhibit 5 (1-29

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

**Partial Amendment**

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

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

(a)     Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to modify rules pertaining to Designated Primary Market-Makers (“DPMs”) to (1) clarify the Exchange may appoint DPMs to Global Trading Hours (“GTH”) and Curb Trading Hours (“Curb”) sessions and that DPMs may be the same across multiple trading sessions or different (or no DPM) for an option class in Regular Trading Hours (“RTH”), GTH, and/or Curb sessions; (2) provide that DPM obligations and participation entitlements will apply to GTH and Curb sessions; and (3) make certain administrative changes. 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 January 22, 2026. The Exchange will announce via Exchange Notice the implementation date of the proposed rule change no later than 60 days after the approval date of this rule filing.

(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 Karen Bilek, (312) 786-7128, Cboe Exchange, Inc., 433 West Van Buren Street, Chicago, Illinois 60607.

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

(a) Purpose

DPMs are Trading Permit Holders (“TPHs”) that are approved by the Exchange to function in appointed securities as a Market-Maker.<sup>1</sup> The Exchange proposes to amend certain Cboe Rules regarding DPM appointments. Specifically, the Exchange proposes to (1) clarify the Exchange may appoint DPMs to GTH and Curb sessions and that DPM appointments for an option class may differ by trading session<sup>2</sup> while acknowledging that a trading session may not have a DPM<sup>3</sup>; (2) provide that heightened DPM quoting obligations and participation entitlements apply during GTH and Curb sessions; and (3) make certain administrative changes.

First, the Exchange proposes to amend Cboe Rules 1.1 and 3.53 to update requirements and administrative processes for DPMs to explicitly state that the Exchange may appoint DPMs for all trading sessions (i.e., RTH, GTH,<sup>4</sup> and Curb<sup>5</sup>), and that DPMs may be the same or different across trading sessions. Pursuant to the definition of DPM in Cboe Rule 1.1 and the provisions of Cboe Rule 5.52(h), the Exchange may determine DPM

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<sup>1</sup> See Rule 1.1 (definition of DPM).

<sup>2</sup> The term “trading session” means the hours during which the Exchange is open for trading for Regular Trading Hours, Global Trading Hours or Curb Trading Hours (each of which may be referred to as a trading session), each as set forth in Rule 5.1. Unless otherwise specified in the Rules or the context otherwise indicates, all Rules apply in the same manner during each trading session. See Rule 1.1 (Definitions).

<sup>3</sup> See Rule 5.50(l), which states that the Exchange may designate a class for trading without a DPM.

<sup>4</sup> Except under unusual conditions as may be determined by the Exchange or the Holiday hours set forth in Rule 5.1(d), Global Trading Hours are from 8:15 p.m. (previous day) to 9:25 a.m. on Monday through Friday. See Rule 5.1(c).

<sup>5</sup> Except under unusual conditions as may be determined by the Exchange, or the Holiday hours set forth in Rule 5.1(e), Curb Trading Hours are from 4:15 p.m. to 5:00 p.m. on Monday through Friday. See Rule 5.1(d).

appointments for classes (including that a DPM may not be appointed for a class). Pursuant to Cboe Rule 1.5, if Cboe Rules permit the Exchange to make a determination (including on a class-by-class basis), the Exchange may make that determination on a trading session-by-trading session basis. Therefore, Cboe Rules permit the Exchange to determine DPM appointments for all trading sessions, and the Exchange may appoint the same DPM for all trading sessions or may appoint different DPMs on a trading session-by-trading session basis. The proposed rule change merely explicitly states this in Cboe Rules. The Exchange proposes to update the definition of DPM in Cboe Rule 1.1 to state that 1) the Exchange designates DPMs per trading session, 2) On-Floor DPM is a term applicable to RTH sessions (as the floor operates only during RTH), 3) a DPM's request to function as an Off-Floor DPM is applicable to RTH sessions, and 4) DPMs that are appointed for a GTH or Curb session are considered Off-Floor DPMs within Cboe Rules (since those sessions are electronic only).

To further codify that the Exchange may appoint DPMs by trading session, the Exchange proposes to amend Cboe Rule 3.53, which establishes certain processes for DPMs, including selection and termination processes for DPMs. Specifically, the Exchange proposes to amend Cboe Rule 3.53(d) to state that the Exchange has the authority to specify the trading session(s) for a DPM appointment as a possible condition on an approval. Furthermore, since it may be necessary to facilitate trading in a specified extended hours trading session without a DPM when a DPM appointment is terminated, the Exchange proposes to amend Cboe Rule 3.53(f) to confirm that a DPM may not be designated for a GTH or Curb session when the existing DPM for such session is terminated. This proposed change acknowledges and aligns with Cboe Rule 5.50(l), which

provides that a class may be designated for trading without a DPM (during any or all trading sessions, as determined by the Exchange).

By amending these Cboe Rules to explicitly state the Exchange may designate a DPM by trading session, the Exchange recognizes that a DPM appointed for a class in RTH may not intend to participate in GTH or Curb sessions. Consequently, the Exchange proposes to amend Cboe Rules to clarify the Exchange's authority to designate different DPMs for RTH, GTH, and/or Curb sessions. This addresses the possibility that a DPM for a class in one trading session may not want the DPM role in other trading sessions. The Exchange believes having the ability to appoint different DPMs for different trading sessions may help bolster market liquidity in each trading session in which the Exchange chooses to appoint a DPM as it will not impose a DPM appointment to a TPH in a trading session(s) during which it chooses to not operate. In other words, a DPM in RTH, for example, will not be obligated to assume the DPM role in another session only to maintain its DPM appointment in the session it wants. Also, a DPM will not be required to relinquish its DPM appointment in a class for one trading session because it does not operate as the DPM in another trading session for the option class.

Second, the Exchange proposes to amend its Rules to address DPM participation entitlements and quoting obligations during GTH and Curb sessions. The Exchange proposes to amend Cboe Rule 5.54(a) to provide that the obligations of DPMs that currently apply during RTH will also apply during to GTH and Curb, and compliance with the heightened continuous quoting obligations will be measured across all trading sessions for which a DPM has an appointment. As the Exchange historically has appointed LMMs to GTH (and Curb) but not DPMs, Cboe Rule 5.54(a) limits application of a DPM's

obligations to RTH. If the Exchange determines to appoint a DPM to GTH and/or Curb, the Exchange believes it is appropriate for these obligations in Cboe Rule 5.54(a), including the continuous quoting obligation in subparagraph (1), to apply to DPMs during those trading sessions in the same manner as they do during RTH when the DPM has an appointment during those trading sessions. With respect to how a DPM's compliance with continuous quoting obligations is measured, the proposed rule change amends Cboe Rule 5.54(a)(1) to provide that this will occur across trading sessions for which the DPM has an appointment.

The Exchange notes this is consistent with existing Cboe EDGX Exchange, Inc. ("EDGX") Rules regarding DPMs. Specifically, pursuant to EDGX Rule 22.3(a), if a Market Maker selects an appointment in an option class, that appointment applies during both GTH and RTH and thus, the Market-Maker would have an appointment to make markets in the option class during both GTH and RTH on EDGX.<sup>6</sup> Similarly, EDGX Rule 22.2(e) provides that a Market-Maker may request the Exchange appoint it as DPM to a class for all trading sessions. As EDGX Rules do not contain a heightened continuous quoting obligation for DPMs as the Exchange's Rules do,<sup>7</sup> the only continuous quoting obligation to which DPMs are subject is the standard obligation applicable to all Market-Makers.<sup>8</sup> EDGX Rule 22.6(d) explicitly provides that Market-Maker continuous quoting obligations (and thus DPM continuous quoting obligations) apply to the class for an entire

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<sup>6</sup> See also Securities Exchange Act Release No. 34-85797; (May 7, 2019), 84 FR 20920 (May 13, 2019) (SR-CboeEDGX-2019-027).

<sup>7</sup> See Cboe Rule 5.54(a) which requires that a DPM provide continuous electronic quotes 90% of the time as applicable.

<sup>8</sup> See EDGX Rule 22.6(d) requires that a Market-Maker enter continuous bids and offers 60% of the time as applicable.

trading day, including both trading sessions of RTH and GTH (there is no Curb session in the EDGX Rules). Consequently, since the Market-Maker continuous quoting obligation set forth in EDGX Rule 22.6(d) is the continuous quoting obligation for DPMs on EDGX and is measured across all trading sessions, and since EDGX Rules state that DPM appointments apply to all trading sessions for a class, the continuous quoting obligations applicable to a DPM on EDGX apply across all trading sessions. This approach is also currently used for Market-Maker obligations in extended trading hour sessions.<sup>9</sup>

Although measuring a DPM's continuous quoting obligation for the entire trading day will increase the quoting requirement for the DPM because of the increase of trading time for which quotes must be provided, the DPM can meet the increased obligation through activity in RTH, GTH, and Curb.<sup>10</sup> Since Cboe Rule 5.54(a) provides that DPM obligations require continuous quoting in a DPM's appointed classes, the Exchange calculates DPM compliance with quoting obligations across all of a DPM's option classes in totality rather than on a class-by-class basis. To illustrate how the proposed rule change will apply the quoting obligation across trading sessions, when applicable, the following example assumes that a DPM is appointed to 10 classes, nine of which are equity option classes that trade in RTH only and the remaining option class is an index option that trades in RTH, GTH, and Curb. Each option class has 100 series. For the nine equity option classes, each one trades for 405 minutes (24,300 seconds) in RTH in a trading day. To include this trading time in the calculation to determine compliance, the RTH time is

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<sup>9</sup> See Rule 5.52(d)(2)(E), which states that Market-Maker obligations will apply across trading sessions and that if a Market-Maker has an appointment in a class that is open for trading during multiple trading sessions, the Exchange will determine a Market-Maker's compliance with the continuous electronic quoting requirement across the trading day.

<sup>10</sup> See note 6 *supra*.



multiplied by the number of series (in this case, 100), resulting in 40,500 minutes (2,430,000 seconds) per each class. The Index option will trade for 790 minutes (47,400 seconds) in GTH, 45 minutes (2700 seconds) in Curb, and 405 minutes (24,300 seconds) in RTH, for a total of 1,240 minutes (74,400 seconds). To include this trading time in the calculation to determine compliance, the total time is multiplied by 100 series, resulting in 124,000 minutes (7,440,000 seconds). To determine compliance with the 90% continuous quoting obligation in Cboe Rule 5.54, the total trading times will be combined, resulting in 29,310,000 seconds ((2,430,000 seconds x 9 classes) + 7,440,000 seconds) and multiplied by 90% to equal 26,379,000 seconds that the DPM must provide continuous quoting. To meet this quoting obligation, the DPM could quote 100% of the equity classes (21,870,000 seconds) and would be required to quote the index class for 4,509,000 seconds (which is 67% of that trading session) to meet the overall 90% requirement obligation. Alternatively, if the DPM only quoted 100% of the index class in GTH and Curb (5,010,000 seconds combined), the DPM would still be required to quote the equity option classes for 21,369,000 (which is 97.70% of the RTH trading session for equities) to meet the 90% requirement overall. Additionally, if the DPM quoted 100% of the index class in GTH, RTH, and Curb (7,440,000 seconds total), the DPM would still be required to quote the equity option classes for 18,939,000 (which is 72.84% of the RTH trading session for equities) to meet the 90% requirement overall.

As Cboe Rule 5.54 already provides that DPM quoting obligations apply collectively to all of a DPM's appointed classes,<sup>11</sup> the Exchange believes that applying the

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<sup>11</sup> See Rule 5.54(a)(2), which states that compliance with DPM quoting obligation applies to all of a DPM's appointed classes collectively

continuous quoting requirements for DPMs collectively across all classes and trading sessions is a fair and efficient way for the Exchange and market participants to evaluate compliance with the continuous quoting obligation. Applying the continuous quoting requirements collectively across all classes and trading sessions rather than on a class-by-class and trading session-by-trading session basis is beneficial to DPMs by providing some flexibility to choose which series in their appointed classes they will continuously quote – increasing the continuous quoting in the series of one class while allowing for a decrease in the continuous quoting in the series of another class. This flexibility, however, does not diminish the DPM's obligation to continuously quote in a significant percentage of series for a significant part of the trading day. This flexibility is especially important for classes that have relatively few series and may prevent a DPM from reaching the continuous quoting obligation when failing to quote 90% of the trading day in more than one series in an appointed class. The Exchange believes that the proposed rule change will not diminish, and may in fact increase, market making activity on the Exchange, by applying continuous quoting obligations in a reasonable manner, which is in alignment with rules already in place on another options exchange. The Exchange does not anticipate that DPM quoting will routinely decrease and notes that, as illustrated in the examples above, that DPM obligation is expected to remain above the standard Market-Maker obligation requiring continuous quoting during 60% of the trading day. By requiring that a DPM meet its continuous quoting obligations across all trading sessions in which it is appointed as the DPM (and collectively across classes, as is the case today), a DPM might meet its obligations on a given day even if it falls below obligation requirements in one trading session if the DPM surpasses obligations requirements in another session because the total

activity across trading sessions for a DPM will be used to determine compliance with continuous quoting obligation requirements. Additionally, this approach is intended to help reduce the rigidity of quoting requirements for a DPM of multiple sessions if trading activity is less in one of the sessions. The Exchange believes that applying the existing DPM obligations for RTH trading to GTH and Curb trading sessions will promote active markets in these extended trading hours sessions. Furthermore, applying such obligations across multiple trading sessions if a DPM is appointed to more than one trading session for a class will help foster liquid markets while providing flexibility to DPMs to meet their obligations. The Exchange does not believe that determining compliance with quotation obligations across trading sessions will result in less liquidity in RTH. To the contrary, the Exchange anticipates that DPMs may utilize activity in RTH to meet any shortfalls in quoting obligations that a DPM may experience in GTH or Curb. The Exchange has observed that trading characteristics during RTH are typically different than those during extended hours trading sessions in that extended sessions have lower trading levels, reduced liquidity, and fewer participants. Therefore, the Exchange believes it is appropriate to extend to DPMs this flexibility across trading sessions to meet continuous quoting requirements.

The Exchange also proposes to amend Cboe Rule 5.32 to permit the Exchange to apply the DPM participation entitlement during GTH and Curb. Cboe Rule 5.32(a) provides the Exchange with authority to determine which allocation algorithm and priority overlays, including the DPM participation entitlement, will apply on a class-by-class basis. As noted above, pursuant to Cboe Rule 1.5, if Cboe Rules permit the Exchange to make a determination (including on a class-by-class basis), the Exchange may make that

determination on a trading session-by-trading session basis. Therefore, Cboe Rules currently permit the Exchange to determine what allocation algorithm and priority overlays it may apply to RTH, GTH, and Curb. However, Cboe Rules do not permit the DPM participation entitlement to apply during GTH and Curb. As the Exchange may determine to appoint DPMs during GTH and Curb going forward, the Exchange proposes to permit it to be able to apply the DPM participation entitlement during those trading sessions in the same manner it can during RTH. Given that a DPM will be subject to heightened continuous quoting obligations during GTH and Curb, as discussed above, the Exchange proposes to permit it to apply the DPM participation entitlement as a priority overlay during those trading sessions, as it is able to do during RTH. Specifically, the Exchange proposes to amend Cboe Rule 5.32(a)(2)(B)(iv) to state that DPM participation entitlements may apply during GTH and Curb sessions. Pursuant to Cboe Rule 5.32(a)(2)(B), the Exchange may apply one or more of the participation entitlements provided in the rule,<sup>12</sup> and the proposed addition to Cboe Rule 5.32(a)(2)(B)(iv) provides that the Exchange may apply participation entitlements in the same manner during GTH and Curb. The Exchange believes that applying the existing participation entitlements for RTH to GTH and Curb sessions will appropriately incentivize Market-Maker participation in the extended trading hours sessions for which they are appointed to help provide market liquidity during such sessions.

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<sup>12</sup> See Rule 5.32(a)(2)(B), which states that if a DPM has a quote at the highest bid or lowest offer, it will receive the greater of (i) the number of contracts it would receive pursuant to the applicable base allocation algorithm and (ii) 50% of the contracts if there is one other non-Priority Customer, 40% of the contracts if there are two non-Priority Customers, or 30% of the contracts if there are three or more non-Priority Customers with orders or quotes on the Book at that price..

Finally, as an administrative change, the Exchange proposes to amend Cboe Rule 5.50(b), which establishes cutoff times by trading sessions for submission of Market-Maker appointment requests to remove specific time requirements from the Rules. Although such cutoff times were previously added to Cboe Rules, relocation of these time requirements will enhance the Exchange's ability to react to future advancements in technology that may allow the Exchange to provide more time to Market-Makers to submit appointment requests. Consequently, the Exchange believes this type of technical detail should be maintained in the Exchange's technical specifications rather than Cboe Rules and therefore proposes to replace these specific cutoff times currently provided in Cboe Rules with a statement that such deadlines will be specified in the Exchange's technical specifications.<sup>13</sup> This change aligns with Cboe Rule 1.5(a) which states that the Exchange will announce determinations to TPHs via various means of communication, including specifications. By relocating cutoff times from the Rules to technical specifications documentations, the Exchange will have the ability to adjust times more quickly in the future. Notice of these cutoff times and any subsequent changes to them will be provided via technical specification documentation as required by Cboe Rule 1.5(a). In the event that technology advances allow the Exchange to process requests with less notice, the Exchange may modify the cutoff times in the technical specifications and provide Market-Makers more time to meet deadlines. Furthermore, removing the specific time requirements in Cboe Rule 5.50 will align the rule's structure to Cboe Rule 5.54(a)(6) which provides that the Exchange may determine time requirements but does not include

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<sup>13</sup> See Rule 1.5(a), which states that the Exchange will announce determinations to TPHs via various means of communication, including specifications.

the details of such time requirements within Cboe Rules. The Exchange believes this proposed change will therefore provide greater consistency within Cboe Rules.

As an additional administrative change, the Exchange also proposes to amend Cboe Rule 5.50(l) to return language to the provision that was inadvertently removed from the Rules in a rule change connected to the System migration that took place in 2019.<sup>14</sup> The proposed rule change merely adds back to the rule language that states that if the Exchange determines to list SPX or VIX on a group basis, it will have the authority to change the eligible categories of Market-Maker participants for each group.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>15</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>16</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the

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<sup>14</sup> See Securities Exchange Act Release No. 34-87024 (September 19, 2019), 84 FR 50545 (September 25, 2019) (SR-CBOE-2019-059).

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

<sup>16</sup> 15 U.S.C. 78f(b)(5).

Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>17</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes the proposed rule change to clarify in Cboe Rules that the Exchange may appoint DPMs to all trading sessions and on a trading session-by-trading session basis will remove impediments to and perfect the mechanism of a free and open market and protect investors, as such changes add transparency and clarity to Cboe Rules. In explicitly stating that DPM appointment designations may apply to one or multiple trading session(s), the Exchange recognizes that not all DPMs may intend to trade in all available trading sessions for an option class, and designation of different DPMs for a class by trading session may be appropriate to help provide market liquidity. The Exchange may designate a DPM for RTH and another for GTH or Curb based on DPM expressed interest in specific trading session(s), or, as indicated in Cboe Rule 5.50(l), the Exchange may list for trading a class without a DPM during a trading session. As noted above, this flexibility is already permitted under Cboe Rules. The flexibility to designate different DPMs provides the Exchange with the ability to appoint dedicated liquidity providers in all trading sessions to make active markets, which ultimately benefits investors.

Furthermore, the Exchange believes the proposed rule change to apply DPM participation entitlements and obligations to GTH and Curb sessions as well as measuring compliance with the heightened continuous quoting obligations across trading sessions for DPMs with appointments for more than one trading session in a class will promote just and

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<sup>17</sup> Id.

equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest. The proposed rule change will ultimately apply the same obligations to DPMs during GTH and Curb as are currently applied to DPMs during RTH. Additionally, the proposed rule change will provide the Exchange with the same flexibility to apply the DPM participation entitlement during GTH and Curb in the same manner it is applied during RTH. The Exchange believes being able to apply the DPM participation entitlement during GTH and Curb may help incentivize Market-Maker participation in GTH and Curb sessions, balanced with the heightened continuous quoting obligations that will apply during those trading sessions.

While the proposed rule change increases the total time a DPM must quote if it is appointed to GTH and/or Curb, this increase is de minimis given that a DPM's compliance with its continuous quoting obligation is based on all classes in which it has an appointment in the aggregate across trading sessions. A Market-Maker may choose to express interest in becoming a DPM during GTH and/or Curb. The Exchange believes that the slight additional burden of extending the continuous quoting obligation to the GTH and Curb trading sessions for DPMs' appointments in those trading sessions is outweighed by the benefits to investors that may result from that liquidity. The proposed rule change also continues to maintain a balance of DPM benefits and obligations, as the continuous quoting obligation and DPM participation entitlement that will apply during GTH and Curb are the same as those that apply today during RTH. Ultimately, the proposed rule change is intended to facilitate DPM involvement in GTH and Curb sessions and is intended to facilitate tighter spreads, increase trading opportunities, and overall enhanced market



quality to the benefit of all market participants. As discussed above, measuring compliance with DPM continuous quoting obligations across trading sessions is consistent with current EDGX Rules.

The Exchange notes if a DPM in a class during RTH does not seek to become the DPM in that class during GTH or Curb, this proposed rule change has no impact on that DPM's obligations, as the proposed change would only require additional quoting time for DPMs appointed to a class in multiple trading sessions. If a DPM in a class during RTH wants to be DPM in that class during other trading sessions, and the Exchange makes such appointment, the Exchange believes it is appropriate for that DPM to be subject to the same obligations during those additional trading sessions it is during RTH.

Last, the Exchange believes that the largely administrative changes proposed for Cboe Rule 5.50 that would 1) remove specific time requirements from the rules and 2) return inadvertently deleted rule text are intended to remove impediments to and perfect the mechanism of a free and open market and a national market system and protect investors consistent with the Act. By moving Market-Maker application cutoff times from the rules to the Exchange's technical specification documentation, the Exchange will have the flexibility to change times in response to technology advances or future changes in trading times. By returning language inadvertently deleted regarding the Exchange's authority to change the eligible categories of Market-Maker participants for each group, the proposed change clarifies the manner in which the Exchange may function.

**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. The proposed rule change to clarify the Exchange's ability to appoint DPMs to all trading session and on a trading session-by-trading session basis explicitly state what is permissible today under current Rules, as discussed above. These Rules will continue to apply in the same manner to all TPHs. The proposed rule change to apply DPM quoting obligations to GTH and Curb (and measure compliance with the continuous quoting obligation across trading sessions) and permit the Exchange to apply the DPM participation entitlement in GTH and Curb, will apply equally to all DPMs (and in the same manner as they do today to DPMs during RTH). While the proposed rule change increases the total time a DPM must quote if it is appointed to GTH and/or Curb, this increase is de minimis given that a DPM's compliance with its continuous quoting obligation is based on all classes in which it has an appointment in the aggregate across trading sessions. A Market-Maker may choose to express interest in becoming a DPM during GTH and/or Curb. As noted above, if a DPM in a class during RTH does not want to be DPM (or is not appointed as DPM) in that class during GTH or Curb, this proposed rule change has no impact on the DPM. The Exchange believes that the slight additional burden of extending the continuous quoting obligation to the GTH and Curb trading sessions for DPMs' appointments in those trading sessions is outweighed by the benefits to investors that may result from that liquidity. The proposed rule change also continues to maintain a balance of DPM benefits and obligations, as the continuous quoting obligation and DPM participation entitlement that will apply during GTH and Curb are the same as those that apply today during RTH. Additionally, the proposed changes to move time requirements

to technical specification documents and add back inadvertently removed content are not for competitive purposes and are generally administrative changes to support market function. 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, as the proposed rule changes apply only to DPMs at the Exchange.

**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.<sup>18</sup>

**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) The proposed rule change is filed for accelerated effectiveness pursuant to Section 19(b)(2) of the Act.<sup>19</sup> The Exchange requests that the Commission approve the proposed rule change on an accelerated basis pursuant to Section 19(b)(2) of the Act so that it may be operative as soon as practicable. The Exchange believes that approval on an

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<sup>18</sup> 15 U.S.C. 78s(b)(2).

<sup>19</sup> 15 U.S.C. 78s(b)(2).

accelerated basis will benefit investors, because it will promote liquidity for all trading sessions by imposing the same heightened continuous quoting requirements applicable to DPMs in RTH to other trading sessions. If the Exchange is unable to secure DPM participation in any trading session, the standard continuous quoting requirements of a Market-Maker will govern the trading session, meaning that a lower level of continuous quoting is required in any such session without a DPM. As discussed above, the proposed rule changes regarding the Exchange's ability to appoint DPMs in all trading sessions and on a trading session-by-trading session basis is consistent with current Rules and are merely intended to add transparency and clarity to the Rules.

The Exchange believes accelerated approval is also appropriate because the proposed rule change regarding the Exchange's ability to apply the DPM participation entitlement during GTH and Curb are not novel. As discussed above, the proposed DPM participation entitlement and obligations will apply in the same manner during GTH and Curb as they do today during RTH. The Rules of another Exchange do not restrict the application of a DPM participation entitlement during GTH.<sup>20</sup> Further, the Rules of that Exchange impose the same continuous quoting obligations that apply to a DPM during RTH to a DPM during GTH.<sup>21</sup> The Exchange notes the EDGX DPM participation entitlement that may be applied during GTH is higher (up to 60% of contracts) than the DPM participation entitlement on the Exchange that will apply during GTH and Curb as proposed (up to 50% of contracts). Additionally, the DPM continuous quoting obligation on EDGX (60% of the time on a trading day, subject to exceptions) that applies during GTH is lower than the Exchange's DPM

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<sup>20</sup> See EDGX Rule 21.8(d)(3) and (g).

<sup>21</sup> See EDGX Rule 22.6(d).

continuous quoting obligation (90% of the time in at least 99% of series, subject to exceptions) that will apply during GTH and Curb as proposed. Therefore, if the EDGX DPM continuous quoting obligations measured across all trading sessions (as filed with the Commission) have been deemed to appropriately offset the benefit of the EDGX DPM participation entitlement for GTH, it stands to reason that the Exchange's proposed DPM continuous quoting obligations measured across all trading sessions appropriately offset the benefit of the Exchange's proposed DPM participation entitlement for GTH and Curb.

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

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

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

Not applicable.

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

Not applicable.

**Item 11. Exhibits**

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

Exhibit 5. Proposed rule text.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CBOE-2026-016]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of a Proposed Rule Change to Amend its Rules Relating to Designated Primary Market-Makers (“DPMs”) and DPM Appointments in Global Trading Hours and Curb Sessions.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on [insert date], Cboe 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 modify rules pertaining to Designated Primary Market-Makers (“DPMs”) to (1) clarify the Exchange may appoint DPMs to Global Trading Hours (“GTH”) and Curb Trading Hours (“Curb”) sessions and that DPMs may be the same across multiple trading sessions or different (or no DPM) for an option class in Regular Trading Hours (“RTH”), GTH, and/or Curb sessions; (2) provide that DPM obligations and participation entitlements will apply to GTH and Curb sessions; and (3) make certain administrative changes. The text of the proposed rule change is provided in Exhibit 5

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

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

The text of the proposed rule change is also available on the Commission's website (<https://www.sec.gov/rules/sro.shtml>), the Exchange's website ([https://www.cboe.com/us/options/regulation/rule\\_filings/bzx/](https://www.cboe.com/us/options/regulation/rule_filings/bzx/)), and at the principal office of the Exchange.

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

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

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

#### **1. Purpose**

DPMs are Trading Permit Holders ("TPHs") that are approved by the Exchange to function in appointed securities as a Market-Maker.<sup>3</sup> The Exchange proposes to amend certain Cboe Rules regarding DPM appointments. Specifically, the Exchange proposes to (1) clarify the Exchange may appoint DPMs to GTH and Curb sessions and that DPM appointments for an option class may differ by trading session<sup>4</sup> while acknowledging that a trading session may not have a DPM<sup>5</sup>; (2) provide that heightened DPM quoting

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<sup>3</sup> See Rule 1.1 (definition of DPM).

<sup>4</sup> The term "trading session" means the hours during which the Exchange is open for trading for Regular Trading Hours, Global Trading Hours or Curb Trading Hours (each of which may be referred to as a trading session), each as set forth in Rule 5.1. Unless otherwise specified in the Rules or the context otherwise indicates, all Rules apply in the same manner during each trading session. See Rule 1.1 (Definitions).

<sup>5</sup> See Rule 5.50(l), which states that the Exchange may designate a class for trading without a DPM.

obligations and participation entitlements apply during GTH and Curb sessions; and (3) make certain administrative changes.

First, the Exchange proposes to amend Cboe Rules 1.1 and 3.53 to update requirements and administrative processes for DPMs to explicitly state that the Exchange may appoint DPMs for all trading sessions (i.e., RTH, GTH,<sup>6</sup> and Curb<sup>7</sup>), and that DPMs may be the same or different across trading sessions. Pursuant to the definition of DPM in Cboe Rule 1.1 and the provisions of Cboe Rule 5.52(h), the Exchange may determine DPM appointments for classes (including that a DPM may not be appointed for a class). Pursuant to Cboe Rule 1.5, if Cboe Rules permit the Exchange to make a determination (including on a class-by-class basis), the Exchange may make that determination on a trading session-by-trading session basis. Therefore, Cboe Rules permit the Exchange to determine DPM appointments for all trading sessions, and the Exchange may appoint the same DPM for all trading sessions or may appoint different DPMs on a trading session-by-trading session basis. The proposed rule change merely explicitly states this in Cboe Rules. The Exchange proposes to update the definition of DPM in Cboe Rule 1.1 to state that 1) the Exchange designates DPMs per trading session, 2) On-Floor DPM is a term applicable to RTH sessions (as the floor operates only during RTH), 3) a DPM's request to function as an Off-Floor DPM is applicable to RTH sessions, and 4) DPMs that are appointed for a GTH or Curb session are considered Off-Floor DPMs within Cboe Rules (since those sessions are electronic only).

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<sup>6</sup> Except under unusual conditions as may be determined by the Exchange or the Holiday hours set forth in Rule 5.1(d), Global Trading Hours are from 8:15 p.m. (previous day) to 9:25 a.m. on Monday through Friday. See Rule 5.1(c).

<sup>7</sup> Except under unusual conditions as may be determined by the Exchange, or the Holiday hours set forth in Rule 5.1(e), Curb Trading Hours are from 4:15 p.m. to 5:00 p.m. on Monday through Friday. See Rule 5.1(d).



To further codify that the Exchange may appoint DPMs by trading session, the Exchange proposes to amend Cboe Rule 3.53, which establishes certain processes for DPMs, including selection and termination processes for DPMs. Specifically, the Exchange proposes to amend Cboe Rule 3.53(d) to state that the Exchange has the authority to specify the trading session(s) for a DPM appointment as a possible condition on an approval. Furthermore, since it may be necessary to facilitate trading in a specified extended hours trading session without a DPM when a DPM appointment is terminated, the Exchange proposes to amend Cboe Rule 3.53(f) to confirm that a DPM may not be designated for a GTH or Curb session when the existing DPM for such session is terminated. This proposed change acknowledges and aligns with Cboe Rule 5.50(l), which provides that a class may be designated for trading without a DPM (during any or all trading sessions, as determined by the Exchange).

By amending these Cboe Rules to explicitly state the Exchange may designate a DPM by trading session, the Exchange recognizes that a DPM appointed for a class in RTH may not intend to participate in GTH or Curb sessions. Consequently, the Exchange proposes to amend Cboe Rules to clarify the Exchange's authority to designate different DPMs for RTH, GTH, and/or Curb sessions. This addresses the possibility that a DPM for a class in one trading session may not want the DPM role in other trading sessions. The Exchange believes having the ability to appoint different DPMs for different trading sessions may help bolster market liquidity in each trading session in which the Exchange chooses to appoint a DPM as it will not impose a DPM appointment to a TPH in a trading session(s) during which it chooses to not operate. In other words, a DPM in RTH, for example, will not be obligated to assume the DPM role in another session only to maintain

its DPM appointment in the session it wants. Also, a DPM will not be required to relinquish its DPM appointment in a class for one trading session because it does not operate as the DPM in another trading session for the option class.

Second, the Exchange proposes to amend its Rules to address DPM participation entitlements and quoting obligations during GTH and Curb sessions. The Exchange proposes to amend Cboe Rule 5.54(a) to provide that the obligations of DPMs that currently apply during RTH will also apply during to GTH and Curb, and compliance with the heightened continuous quoting obligations will be measured across all trading sessions for which a DPM has an appointment. As the Exchange historically has appointed LMMs to GTH (and Curb) but not DPMs, Cboe Rule 5.54(a) limits application of a DPM's obligations to RTH. If the Exchange determines to appoint a DPM to GTH and/or Curb, the Exchange believes it is appropriate for these obligations in Cboe Rule 5.54(a), including the continuous quoting obligation in subparagraph (1), to apply to DPMs during those trading sessions in the same manner as they do during RTH when the DPM has an appointment during those trading sessions. With respect to how a DPM's compliance with continuous quoting obligations is measured, the proposed rule change amends Cboe Rule 5.54(a)(1) to provide that this will occur across trading sessions for which the DPM has an appointment.

The Exchange notes this is consistent with existing Cboe EDGX Exchange, Inc. ("EDGX") Rules regarding DPMs. Specifically, pursuant to EDGX Rule 22.3(a), if a Market Maker selects an appointment in an option class, that appointment applies during both GTH and RTH and thus, the Market-Maker would have an appointment to make

markets in the option class during both GTH and RTH on EDGX.<sup>8</sup> Similarly, EDGX Rule 22.2(e) provides that a Market-Maker may request the Exchange appoint it as DPM to a class for all trading sessions. As EDGX Rules do not contain a heightened continuous quoting obligation for DPMs as the Exchange's Rules do,<sup>9</sup> the only continuous quoting obligation to which DPMs are subject is the standard obligation applicable to all Market-Makers.<sup>10</sup> EDGX Rule 22.6(d) explicitly provides that Market-Maker continuous quoting obligations (and thus DPM continuous quoting obligations) apply to the class for an entire trading day, including both trading sessions of RTH and GTH (there is no Curb session in the EDGX Rules). Consequently, since the Market-Maker continuous quoting obligation set forth in EDGX Rule 22.6(d) is the continuous quoting obligation for DPMs on EDGX and is measured across all trading sessions, and since EDGX Rules state that DPM appointments apply to all trading sessions for a class, the continuous quoting obligations applicable to a DPM on EDGX apply across all trading sessions. This approach is also currently used for Market-Maker obligations in extended trading hour sessions.<sup>11</sup>

Although measuring a DPM's continuous quoting obligation for the entire trading day will increase the quoting requirement for the DPM because of the increase of trading time for which quotes must be provided, the DPM can meet the increased obligation

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<sup>8</sup> See also Securities Exchange Act Release No. 34-85797; (May 7, 2019), 84 FR 20920 (May 13, 2019) (SR-CboeEDGX-2019-027).

<sup>9</sup> See Cboe Rule 5.54(a) which requires that a DPM provide continuous electronic quotes 90% of the time as applicable.

<sup>10</sup> See EDGX Rule 22.6(d) requires that a Market-Maker enter continuous bids and offers 60% of the time as applicable.

<sup>11</sup> See Rule 5.52(d)(2)(E), which states that Market-Maker obligations will apply across trading sessions and that if a Market-Maker has an appointment in a class that is open for trading during multiple trading sessions, the Exchange will determine a Market-Maker's compliance with the continuous electronic quoting requirement across the trading day.

through activity in RTH, GTH, and Curb.<sup>12</sup> Since Cboe Rule 5.54(a) provides that DPM obligations require continuous quoting in a DPM's appointed classes, the Exchange calculates DPM compliance with quoting obligations across all of a DPM's option classes in totality rather than on a class-by-class basis. To illustrate how the proposed rule change will apply the quoting obligation across trading sessions, when applicable, the following example assumes that a DPM is appointed to 10 classes, nine of which are equity option classes that trade in RTH only and the remaining option class is an index option that trades in RTH, GTH, and Curb. Each option class has 100 series. For the nine equity option classes, each one trades for 405 minutes (24,300 seconds) in RTH in a trading day. To include this trading time in the calculation to determine compliance, the RTH time is multiplied by the number of series (in this case, 100), resulting in 40,500 minutes (2,430,000 seconds) per each class. The Index option will trade for 790 minutes (47,400 seconds) in GTH, 45 minutes (2700 seconds) in Curb, and 405 minutes (24,300 seconds) in RTH, for a total of 1,240 minutes (74,400 seconds). To include this trading time in the calculation to determine compliance, the total time is multiplied by 100 series, resulting in 124,000 minutes (7,440,000 seconds). To determine compliance with the 90% continuous quoting obligation in Cboe Rule 5.54, the total trading times will be combined, resulting in 29,310,000 seconds ((2,430,000 seconds x 9 classes) + 7,440,000 seconds) and multiplied by 90% to equal 26,379,000 seconds that the DPM must provide continuous quoting. To meet this quoting obligation, the DPM could quote 100% of the equity classes (21,870,000 seconds) and would be required to quote the index class for 4,509,000 seconds (which is 67% of that trading session) to meet the overall 90% requirement obligation. Alternatively,

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<sup>12</sup> See note 8 *supra*.

if the DPM only quoted 100% of the index class in GTH and Curb (5,010,000 seconds combined), the DPM would still be required to quote the equity option classes for 21,369,000 (which is 97.70% of the RTH trading session for equities) to meet the 90% requirement overall. Additionally, if the DPM quoted 100% of the index class in GTH, RTH, and Curb (7,440,000 seconds total), the DPM would still be required to quote the equity option classes for 18,939,000 (which is 72.84% of the RTH trading session for equities) to meet the 90% requirement overall.

As Cboe Rule 5.54 already provides that DPM quoting obligations apply collectively to all of a DPM's appointed classes,<sup>13</sup> the Exchange believes that applying the continuous quoting requirements for DPMs collectively across all classes and trading sessions is a fair and efficient way for the Exchange and market participants to evaluate compliance with the continuous quoting obligation. Applying the continuous quoting requirements collectively across all classes and trading sessions rather than on a class-by-class and trading session-by-trading session basis is beneficial to DPMs by providing some flexibility to choose which series in their appointed classes they will continuously quote – increasing the continuous quoting in the series of one class while allowing for a decrease in the continuous quoting in the series of another class. This flexibility, however, does not diminish the DPM's obligation to continuously quote in a significant percentage of series for a significant part of the trading day. This flexibility is especially important for classes that have relatively few series and may prevent a DPM from reaching the continuous quoting obligation when failing to quote 90% of the trading day in more than one series in

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<sup>13</sup> See Rule 5.54(a)(2), which states that compliance with DPM quoting obligation applies to all of a DPM's appointed classes collectively

an appointed class. The Exchange believes that the proposed rule change will not diminish, and may in fact increase, market making activity on the Exchange, by applying continuous quoting obligations in a reasonable manner, which is in alignment with rules already in place on another options exchange. The Exchange does not anticipate that DPM quoting will routinely decrease and notes that, as illustrated in the examples above, that DPM obligation is expected to remain above the standard Market-Maker obligation requiring continuous quoting during 60% of the trading day. By requiring that a DPM meet its continuous quoting obligations across all trading sessions in which it is appointed as the DPM (and collectively across classes, as is the case today), a DPM might meet its obligations on a given day even if it falls below obligation requirements in one trading session if the DPM surpasses obligations requirements in another session because the total activity across trading sessions for a DPM will be used to determine compliance with continuous quoting obligation requirements. Additionally, this approach is intended to help reduce the rigidity of quoting requirements for a DPM of multiple sessions if trading activity is less in one of the sessions. The Exchange believes that applying the existing DPM obligations for RTH trading to GTH and Curb trading sessions will promote active markets in these extended trading hours sessions. Furthermore, applying such obligations across multiple trading sessions if a DPM is appointed to more than one trading session for a class will help foster liquid markets while providing flexibility to DPMs to meet their obligations. The Exchange does not believe that determining compliance with quotation obligations across trading sessions will result in less liquidity in RTH. To the contrary, the Exchange anticipates that DPMs may utilize activity in RTH to meet any shortfalls in quoting obligations that a DPM may experience in GTH or Curb. The Exchange has

observed that trading characteristics during RTH are typically different than those during extended hours trading sessions in that extended sessions have lower trading levels, reduced liquidity, and fewer participants. Therefore, the Exchange believes it is appropriate to extend to DPMs this flexibility across trading sessions to meet continuous quoting requirements.

The Exchange also proposes to amend Cboe Rule 5.32 to permit the Exchange to apply the DPM participation entitlement during GTH and Curb. Cboe Rule 5.32(a) provides the Exchange with authority to determine which allocation algorithm and priority overlays, including the DPM participation entitlement, will apply on a class-by-class basis. As noted above, pursuant to Cboe Rule 1.5, if Cboe Rules permit the Exchange to make a determination (including on a class-by-class basis), the Exchange may make that determination on a trading session-by-trading session basis. Therefore, Cboe Rules currently permit the Exchange to determine what allocation algorithm and priority overlays it may apply to RTH, GTH, and Curb. However, Cboe Rules do not permit the DPM participation entitlement to apply during GTH and Curb. As the Exchange may determine to appoint DPMs during GTH and Curb going forward, the Exchange proposes to permit it to be able to apply the DPM participation entitlement during those trading sessions in the same manner it can during RTH. Given that a DPM will be subject to heightened continuous quoting obligations during GTH and Curb, as discussed above, the Exchange proposes to permit it to apply the DPM participation entitlement as a priority overlay during those trading sessions, as it is able to do during RTH. Specifically, the Exchange proposes to amend Cboe Rule 5.32(a)(2)(B)(iv) to state that DPM participation entitlements may apply during GTH and Curb sessions. Pursuant to Cboe Rule 5.32(a)(2)(B), the Exchange

may apply one or more of the participation entitlements provided in the rule,<sup>14</sup> and the proposed addition to Cboe Rule 5.32(a)(2)(B)(iv) provides that the Exchange may apply participation entitlements in the same manner during GTH and Curb. The Exchange believes that applying the existing participation entitlements for RTH to GTH and Curb sessions will appropriately incentivize Market-Maker participation in the extended trading hours sessions for which they are appointed to help provide market liquidity during such sessions.

Finally, as an administrative change, the Exchange proposes to amend Cboe Rule 5.50(b), which establishes cutoff times by trading sessions for submission of Market-Maker appointment requests to remove specific time requirements from the Rules. Although such cutoff times were previously added to Cboe Rules, relocation of these time requirements will enhance the Exchange's ability to react to future advancements in technology that may allow the Exchange to provide more time to Market-Makers to submit appointment requests. Consequently, the Exchange believes this type of technical detail should be maintained in the Exchange's technical specifications rather than Cboe Rules and therefore proposes to replace these specific cutoff times currently provided in Cboe Rules with a statement that such deadlines will be specified in the Exchange's technical specifications.<sup>15</sup> This change aligns with Cboe Rule 1.5(a) which states that the Exchange will announce determinations to TPHs via various means of communication, including

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<sup>14</sup> See Rule 5.32(a)(2)(B), which states that if a DPM has a quote at the highest bid or lowest offer, it will receive the greater of (i) the number of contracts it would receive pursuant to the applicable base allocation algorithm and (ii) 50% of the contracts if there is one other non-Priority Customer, 40% of the contracts if there are two non-Priority Customers, or 30% of the contracts if there are three or more non-Priority Customers with orders or quotes on the Book at that price..

<sup>15</sup> See Rule 1.5(a), which states that the Exchange will announce determinations to TPHs via various means of communication, including specifications.



specifications. By relocating cutoff times from the Rules to technical specifications documentations, the Exchange will have the ability to adjust times more quickly in the future. Notice of these cutoff times and any subsequent changes to them will be provided via technical specification documentation as required by Cboe Rule 1.5(a). In the event that technology advances allow the Exchange to process requests with less notice, the Exchange may modify the cutoff times in the technical specifications and provide Market-Makers more time to meet deadlines. Furthermore, removing the specific time requirements in Cboe Rule 5.50 will align the rule's structure to Cboe Rule 5.54(a)(6) which provides that the Exchange may determine time requirements but does not include the details of such time requirements within Cboe Rules. The Exchange believes this proposed change will therefore provide greater consistency within Cboe Rules.

As an additional administrative change, the Exchange also proposes to amend Cboe Rule 5.50(l) to return language to the provision that was inadvertently removed from the Rules in a rule change connected to the System migration that took place in 2019.<sup>16</sup> The proposed rule change merely adds back to the rule language that states that if the Exchange determines to list SPX or VIX on a group basis, it will have the authority to change the eligible categories of Market-Maker participants for each group.

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>17</sup> Specifically,

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<sup>16</sup> See Securities Exchange Act Release No. 34-87024 (September 19, 2019), 84 FR 50545 (September 25, 2019) (SR-CBOE-2019-059).

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

the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>18</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>19</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes the proposed rule change to clarify in Cboe Rules that the Exchange may appoint DPMs to all trading sessions and on a trading session-by-trading session basis will remove impediments to and perfect the mechanism of a free and open market and protect investors, as such changes add transparency and clarity to Cboe Rules. In explicitly stating that DPM appointment designations may apply to one or multiple trading session(s), the Exchange recognizes that not all DPMs may intend to trade in all available trading sessions for an option class, and designation of different DPMs for a class by trading session may be appropriate to help provide market liquidity. The Exchange may designate a DPM for RTH and another for GTH or Curb based on DPM expressed interest in specific trading session(s), or, as indicated in Cboe Rule 5.50(l), the Exchange may list for trading a class without a DPM during a trading session. As noted

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<sup>18</sup> 15 U.S.C. 78f(b)(5).

<sup>19</sup> Id.

above, this flexibility is already permitted under Cboe Rules. The flexibility to designate different DPMs provides the Exchange with the ability to appoint dedicated liquidity providers in all trading sessions to make active markets, which ultimately benefits investors.

Furthermore, the Exchange believes the proposed rule change to apply DPM participation entitlements and obligations to GTH and Curb sessions as well as measuring compliance with the heightened continuous quoting obligations across trading sessions for DPMs with appointments for more than one trading session in a class will promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest. The proposed rule change will ultimately apply the same obligations to DPMs during GTH and Curb as are currently applied to DPMs during RTH. Additionally, the proposed rule change will provide the Exchange with the same flexibility to apply the DPM participation entitlement during GTH and Curb in the same manner it is applied during RTH. The Exchange believes being able to apply the DPM participation entitlement during GTH and Curb may help incentivize Market-Maker participation in GTH and Curb sessions, balanced with the heightened continuous quoting obligations that will apply during those trading sessions.

While the proposed rule change increases the total time a DPM must quote if it is appointed to GTH and/or Curb, this increase is de minimis given that a DPM's compliance with its continuous quoting obligation is based on all classes in which it has an appointment in the aggregate across trading sessions. A Market-Maker may choose to express interest in becoming a DPM during GTH and/or Curb. The Exchange believes that the slight

additional burden of extending the continuous quoting obligation to the GTH and Curb trading sessions for DPMs' appointments in those trading sessions is outweighed by the benefits to investors that may result from that liquidity. The proposed rule change also continues to maintain a balance of DPM benefits and obligations, as the continuous quoting obligation and DPM participation entitlement that will apply during GTH and Curb are the same as those that apply today during RTH. Ultimately, the proposed rule change is intended to facilitate DPM involvement in GTH and Curb sessions and is intended to facilitate tighter spreads, increase trading opportunities, and overall enhanced market quality to the benefit of all market participants. As discussed above, measuring compliance with DPM continuous quoting obligations across trading sessions is consistent with current EDGX Rules.

The Exchange notes if a DPM in a class during RTH does not seek to become the DPM in that class during GTH or Curb, this proposed rule change has no impact on that DPM's obligations, as the proposed change would only require additional quoting time for DPMs appointed to a class in multiple trading sessions. If a DPM in a class during RTH wants to be DPM in that class during other trading sessions, and the Exchange makes such appointment, the Exchange believes it is appropriate for that DPM to be subject to the same obligations during those additional trading sessions it is during RTH.

Last, the Exchange believes that the largely administrative changes proposed for Cboe Rule 5.50 that would 1) remove specific time requirements from the rules and 2) return inadvertently deleted rule text are intended to remove impediments to and perfect the mechanism of a free and open market and a national market system and protect investors consistent with the Act. By moving Market-Maker application cutoff times from

the rules to the Exchange's technical specification documentation, the Exchange will have the flexibility to change times in response to technology advances or future changes in trading times. By returning language inadvertently deleted regarding the Exchange's authority to change the eligible categories of Market-Maker participants for each group, the proposed change clarifies the manner in which the Exchange may function.

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 burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change to clarify the Exchange's ability to appoint DPMs to all trading session and on a trading session-by-trading session basis explicitly state what is permissible today under current Rules, as discussed above. These Rules will continue to apply in the same manner to all TPHs. The proposed rule change to apply DPM quoting obligations to GTH and Curb (and measure compliance with the continuous quoting obligation across trading sessions) and permit the Exchange to apply the DPM participation entitlement in GTH and Curb, will apply equally to all DPMs (and in the same manner as they do today to DPMs during RTH). While the proposed rule change increases the total time a DPM must quote if it is appointed to GTH and/or Curb, this increase is de minimis given that a DPM's compliance with its continuous quoting obligation is based on all classes in which it has an appointment in the aggregate across trading sessions. A Market-Maker may choose to express interest in becoming a DPM during GTH and/or Curb. As noted above, if a DPM in a class during RTH does not want to be DPM (or is not appointed as DPM) in that class during GTH or Curb, this proposed rule change has no

impact on the DPM. The Exchange believes that the slight additional burden of extending the continuous quoting obligation to the GTH and Curb trading sessions for DPMs' appointments in those trading sessions is outweighed by the benefits to investors that may result from that liquidity. The proposed rule change also continues to maintain a balance of DPM benefits and obligations, as the continuous quoting obligation and DPM participation entitlement that will apply during GTH and Curb are the same as those that apply today during RTH. Additionally, the proposed changes to move time requirements to technical specification documents and add back inadvertently removed content are not for competitive purposes and are generally administrative changes to support market function. 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, as the proposed rule changes apply only to DPMs at the Exchange.

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](mailto:rule-comments@sec.gov). Please include file number SR-CBOE-2026-016 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-2026-016. 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-2026-016 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

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

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>20</sup> 17 CFR 200.30-3(a)(12).



## EXHIBIT 5

(additions are underlined; deletions are [bracketed])

\* \* \* \* \*

Rules of Cboe Exchange, Inc.

\* \* \* \* \*

**CHAPTER 1. GENERAL PROVISIONS****SECTION A. DEFINITIONS**

\* \* \* \* \*

**Designated Primary Market-Maker and DPM**

The terms “Designated Primary Market-Maker” and “DPM” mean a TPH organization that is approved by the Exchange to function in appointed securities as a Market-Maker per trading session and is subject to the obligations under Rule 5.54 or as otherwise provided under the Rules. A DPM generally will operate on the Exchange’s trading floor (“On-Floor DPM”) during the RTH session. However, as provided in Rule 5.53, a DPM can request that the Exchange authorize the DPM to function remotely away from the Exchange’s trading floor during RTH (“Off-Floor DPM”) on a class-by-class basis. DPM designations that are specified as GTH or Curb are also Off-Floor DPMs. Unless otherwise specified, references to DPM in the Rules include both “On-Floor DPM” and “Off-Floor DPM.” The Exchange makes determinations concerning whether to grant or withdraw the approval to act as a DPM in accordance with Rule 3.54. The Exchange appoints securities to DPMs in accordance with Rule 5.50.

\* \* \* \* \*

**Rule 3.53. DPMs**(a) - (c) – *No change.*

(d) In selecting an applicant for approval as a DPM, the Exchange may place one or more conditions on the approval, including, but not limited to, conditions concerning the capital, operations, or personnel of the applicant, the number or type of securities which may be appointed to the applicant, the trading session(s) of the DPM designation, and whether the DPM will operate on-floor or off-floor.

(e) – *No change.*

(f) If a TPH organization resigns as a DPM or if pursuant to paragraph (i) the Exchange terminates or otherwise limits its approval to act as a DPM, the Exchange may do one or more [both] of the following:

(1) approve a DPM on an interim basis, pending the final approval of a new DPM pursuant to paragraphs (a) through (d) of this Rule; [and]

(2) allocate on an interim basis to another DPM or to other DPMs the securities that were appointed to the affected DPM, pending a final allocation of such classes pursuant to Rule 5.54; or;

(3) for a DPM designated in a Curb or GTH session, permit trading to occur without a DPM in such sessions if no action is taken by the Exchange pursuant to subparagraphs (f)(1) or (f)(2) above.

Neither an interim approval or appointment made pursuant to this paragraph (f) should be viewed as a prejudgment with respect to the final approval or appointment.

(g) - (j) – *No change.*

\* \* \* \* \*

## **Rule 5.32. Order and Quote Book Processing, Display, Priority, and Execution**

(a) – *No change.*

(2) – *No change.*

(A) – *No change.*

(B) DPM/LMM/PMM Participation Entitlement. The Exchange may apply one or more of the DPM, LMM, and PMM participation entitlements (in any sequence) to a class. If the DPM or LMM, as applicable, has a quote at the highest bid or lowest offer, it will receive the greater of (i) the number of contracts it would receive pursuant to the applicable base allocation algorithm and (ii) 50% of the contracts if there is one other non-Priority Customer, 40% of the contracts if there are two non-Priority Customers, or 30% of the contracts if there are three or more non-Priority Customers with orders or quotes on the Book at that price. If the PMM, as applicable, has a quote at the highest bid or lower offer, it will receive the greatest of (i) the number of the contracts it would receive pursuant to the applicable base allocation algorithm, (ii) 60% of the contracts if there is one other non-Priority Customer, or 40% of the contracts if there are two or more non-Priority Customers with orders or quotes on the Book at that price and (iii) one contract.

(i) - (iii) – *No change.*

(iv) The [DPM/]LMM/PMM participation entitlement does not apply during Global Trading Hours or Curb Trading Hours. The Exchange may apply the DPM participation entitlement during Global Trading Hours and/or Curb Trading Hours.

(v) – *No change.*

(C) – (D) - *No Change.*

(b) - (g) - *No Change.*

\* \* \* \* \*

### **Rule 5.50. Market-Maker Appointments**

(a) – *No change.*

(b) A Market-Maker may enter an appointment request via an Exchange-approved electronic interface with the Exchange’s systems by times specified for each trading session as determined by the Exchange. [5:30 p.m. in order for an All Sessions class to be effective on the open of the Global Trading Hours trading session, by 1:30 a.m. in order for an All Sessions class to be effective starting at 2:30 a.m., or by 9:00 a.m. in order for an All Sessions or RTH Only class to be effective on the open of the Regular Trading Hours session.]

(c) - (k) – *No change.*

(l) DPM and LMM Appointments. The Exchange may designate a class for trading without a DPM or LMM. If the Exchange determines to list SPX or VIX on a group basis pursuant to Rule 4.13, the Exchange will also have the authority to change the eligible categories of Market-Maker participants for each group. In addition:

(1) - (2) – *No change.*

\* \* \* \* \*

### **Rule 5.54 DPMs**

(a) [RTH] Obligations. Each DPM must fulfill all of the obligations of a Market-Maker under the Rules, and must satisfy each of the following requirements in the classes appointed to the DPM during the trading session(s) of the DPM appointment. To the extent that there is any inconsistency between the specific obligations of a DPM set forth in this paragraph (a) and the general obligations of a Market-Maker under the Rules, this paragraph (a) governs. Each DPM must comply with the following:

(1) [during Regular Trading Hours,] provide continuous electronic quotes 90% of the time by submitting continuous bids and offers (in accordance with the requirements in Rules 5.51 and 5.52) in at least the lesser of 99% of the non-adjusted option series or 100% of the non-adjusted option series minus one call-put pair, with the term “call-put

pair” referring to one call and one put that cover the same underlying instrument and have the same expiration date and exercise price, in a DPM’s appointed classes across the trading session(s) of a DPM appointment. A DPM must assure that its disseminated market quotations are accurate.

(A) - (E) – *No change*.

(2) - (6) – *No change*.

(b) - (d) – *No change*.

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