

OMB APPROVAL

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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 4

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

File No.* SR - 2018 - * 021

Amendment No. (req. for Amendments *) 2

Filing by Cboe C2 Exchange, Inc.

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

Initial *

☐

Amendment *

☒

Withdrawal

☐

Section 19(b)(2) *

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Section 19(b)(3)(A) *

☐

Section 19(b)(3)(B) *

☐

Rule

Pilot

☐

Extension of Time Period
 for Commission Action *

☐

Date Expires *

☐ 19b-4(f)(1)

☐ 19b-4(f)(2)

☐ 19b-4(f)(3)

☐ 19b-4(f)(4)

☐ 19b-4(f)(5)

☐ 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

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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 *).

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 * Vice President, Associate General Counsel

E-mail *

Telephone *

Fax

Signature

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

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

(Title *)

Date 12/14/2018

By Laura G. Dickman

(Name *)

Vice President, Associate General Counsel

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



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WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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

Exhibit 1 - Notice of Proposed Rule Change *

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

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

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

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

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Exhibit Sent As Paper Document

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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.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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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.

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

PARTIAL AMENDMENT

Cboe C2 Exchange, Inc. (“C2” or the “Exchange”) submits this Amendment, constituting Amendment No. 2, to rule filing SR-C2-2018-021 (the “Rule Filing”), as amended by Amendment No. 1, in which the Exchange proposes to allow the Post Only order instruction on complex orders that route to its electronic book. The purpose of this Amendment No. 2 is to add explanatory language to a statement the Exchange made in Amendment No. 1.

The Exchange proposes to add the following text after the second to last complete sentence on page 6 (which sentence states “Complex orders that Leg into the Simple Book are considered “takers,” as they remove liquidity from the Simple Book.”) in the carryover paragraph on pages 6 and 7 of Amendment No. 1:

If an incoming complex order Legs into the Simple Book, it would execute against simple orders resting in the Simple Book. Because the complex order in that situation is removing resting simple liquidity, it is treated as a taker and the simple orders are treated as makers. If a resting complex order Legs into the Simple Book, it does so only after evaluation pursuant to Rule 6.13(i). This evaluation occurs if the SBBO changes, which happens if a new order enters the Simple Book and improves the SBBO, making the Legs marketable against the resting complex order. If the incoming simple order were treated as a taker, it would be treated differently than the other resting simple order(s) that comprises the SBBO and also executes against the complex order. Treating all simple orders as makers ensures there is no disparate treatment (including fee treatment) for simple

orders that execute against the same complex order. Additionally, the User that submits the simple order would not know its order would trigger execution against a complex order. While an incoming simple order ultimately triggers the execution against the resting complex order, it technically enters the Simple Book before the complex order Legs in for execution, and thus was resting (and therefore a “maker”) prior to evaluation and execution pursuant to Legging. Therefore, the Exchange treats complex orders that Leg and remove Simple Book liquidity as takers. As a result, not permitting Post Only complex orders to Leg into the Simple Book ensures it will not be treated as a taker in contradiction to its purpose. Additionally, a User with a resting Post Only complex order would not expect to be treated as a taker with respect to fees, which may occur pursuant to the fee schedule if the complex order Legged into the Simple Book. Additionally, a User with a resting Post Only complex order would expect a transaction rebate, which would not occur pursuant to the fee schedule if the Post Only complex order Legged into the Simple Book.

Amendment No. 2 makes no substantial changes to the Rule Filing or Amendment No. 1, and it does not propose any new functionality or new rule text. Amendment No. 2 merely adds an explanation of the reasoning behind a factual assertion by the Exchange in Amendment No. 1. Therefore, the Exchange does not believe a full notice and comment period is necessary, and thus believes accelerated approval is appropriate.