

PARTIAL AMENDMENT

Cboe Exchange, Inc. (“Cboe Options” or the “Exchange”) submits this Amendment, constituting Amendment No. 2, to rule filing SR-CBOE-2019-048 (the “Rule Filing”), in which the Exchange proposes to adopt Rule 6.49C.¹

Amendment No. 2 proposes to delete the phrase “which transfer occurs at a price related to the net asset value of such ETF shares” from the end of the first sentence in the introductory paragraph of proposed Rule 6.49C on page 3 of the Form 19b-4 and pages 21 to 22 of the Exhibit 1, and replace it with the phrase “which transfer would occur at the price(s) used to calculate the net asset value of such ETF shares”. This adds detail to the proposed rule text, which detail is already included in the Rule Filing.² Additionally, it clarifies that, because there may be multiple option series that comprise the basket of securities used for the creation or redemption unit, the proposed off-floor transfers may be occurring at multiple prices.

Amendment No. 2 makes conforming changes throughout the rule filing as follows:

- Amendment No. 2 proposes to delete the phrase “transferred at a price related to the NAV of ETF shares” from the end of the second sentence of the carryover paragraph on pages 7 to 8 of the Form 19b-4 and pages 25 to 26 of the Exhibit 1 and replace it with the phrase “transferred at a price(s) used to calculate the NAV of such ETF shares”.
- Amendment No. 2 proposes to delete the phrase “such transfers would occur at a price related to the NAV of the applicable ETF shares (as discussed above) from

¹ The Exchange notes that it submitted and withdrew Amendment No. 1 to the SR-CBOE-2019-048 and this Amendment No. 2 amends the original rule filing SR-CBOE-2019-048 as submitted on September 6, 2019.

² See pages 6 and 24 of the Rule Filing.

the middle of the first full sentence on page 12 of the Form 19b-4 and the second full sentence on page 30 of the Exhibit 1 and replace it with the phrase “such transfers would occur at the price(s) used to calculate the NAV of such ETF shares”.

- Amendment No. 2 proposes to delete the phrase “the transfers covered by the proposed exception would occur at a price related to the NAV of the applicable ETF shares” from the middle of the third sentence of the first paragraph on page 16 of the Form 19b-4 and the third sentence of the first paragraph on page 34 of the Exhibit 1 and replace it with the phrase “the transfers covered by the proposed exception would occur at a price(s) used to calculate the NAV of the applicable ETF shares”.

Additionally, the proposed rule change amends the second full sentence on page 13 of the Form 19b-4 and page 31 of the Exhibit 1 to say:

However, the Exchange expects any transfers pursuant to the proposed rule will constitute a minimal percentage of the total average daily volume of the combined standardized and FLEXible EXchange Options (“FLEX Options”) with the same underlying security or index.³

The Exchange requests accelerated approval of Amendment No. 2. The Exchanges proposes to add detail to the proposed rule text regarding the price at which the proposed off-floor transfers would occur, which detail is already included in the Rule Filing, and makes conforming changes throughout the Rule Filing. In addition, the proposed change to add detail regarding the expected

³ The Exchange notes that the price discovery process in standardized options contracts in a particular class of options generally provides meaningful guideposts for pricing FLEX Options with the same underlying security or index.

impact of the proposed off-floor transfers on the average daily volume of options adds support for an assertion the Exchange made in the Rule Filing. The Exchange continues to expect that any impact the proposed rule change could have on price transparency in the options market would be de minimis. Amendment No. 2 makes no material changes to substance or the framework of the proposed off-floor transfers, and merely adds detail the proposed rule text, makes conforming changes throughout the Rule Filing, and adds detail regarding certain reasoning in support of the proposed rule change. Therefore, the Exchange does not believe a full notice and comment period is necessary, and thus believes accelerated approval is appropriate.

EXHIBITS

- Exhibit 4. Marked copy of changes to the rule text proposed in an amendment compared against the version of the rule text that was initially filed.
- Exhibit 5. Proposed rule text.

EXHIBIT 4

Additions set forth in the proposed rule text of original SR-CBOE-2019-048 are underlined. Additional changes being made pursuant to Amendment No. 2 to SR-CBOE-2019-048 are double-underlined; deletions being made pursuant to Amendment No. 2 to SR-CBOE-2019-048 are struck-through.

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**Rules of Cboe Exchange, Inc.
(currently effective)**

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Rule 6.49C. In-Kind Exchange of Options Positions and ETF Shares

Notwithstanding the prohibition set forth in Rule 6.49, positions in options listed on the Exchange may be transferred off the Exchange by a Trading Permit Holder in connection with transactions to purchase or redeem creation units of ETF shares between an authorized participant and the issuer of such ETF shares, which transfer would occur at the price(s) used to calculate the net asset value of such ETF shares, ~~which transfer occurs at a price related to the net asset value of such ETF shares.~~ For purposes of this Rule:

(a) an “authorized participant” is an entity that has a written agreement with the issuer of ETF shares or one of its service providers, which allows the authorized participant to place orders for the purchase and redemption of creation units (*i.e.*, specified numbers of ETF shares); and

(b) an “issuer of ETF shares” is an entity registered with the Commission as an open-end management investment company under the Investment Company Act of 1940.

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EXHIBIT 5

(additions are underlined)

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**Rules of Cboe Exchange, Inc.
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Rule 6.49C. In-Kind Exchange of Options Positions and ETF Shares

Notwithstanding the prohibition set forth in Rule 6.49, positions in options listed on the Exchange may be transferred off the Exchange by a Trading Permit Holder in connection with transactions to purchase or redeem creation units of ETF shares between an authorized participant and the issuer of such ETF shares, which transfer would occur at the price(s) used to calculate the net asset value of such ETF shares. For purposes of this Rule:

(a) an “authorized participant” is an entity that has a written agreement with the issuer of ETF shares or one of its service providers, which allows the authorized participant to place orders for the purchase and redemption of creation units (*i.e.*, specified numbers of ETF shares); and

(b) an “issuer of ETF shares” is an entity registered with the Commission as an open-end management investment company under the Investment Company Act of 1940.

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