

Required fields are shown with yellow backgrounds and asterisks.

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

File No. * SR 2022 - * 041

Amendment No. (req. for Amendments *) 1

Filing by Cboe Exchange, Inc.

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

Initial * ☐	Amendment * ☒	Withdrawal ☐	Section 19(b)(2) * ☒	Section 19(b)(3)(A) * ☐	Section 19(b)(3)(B) * ☐
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Pilot ☐	Extension of Time Period for Commission Action * ☐	Date Expires *
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Rule

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

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

Section 806(e)(1) *

☐

Section 806(e)(2) *

☐

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

Section 3C(b)(2) *

☐

Exhibit 2 Sent As Paper Document

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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 * Rebecca Last Name * Tenuta

Title * Senior Counsel

E-mail *

Telephone * Fax

Signature

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

Date 09/14/2022

(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: 2022.09.14 14:06:35 -05'00'

Required fields are shown with yellow backgrounds and astericks.

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WASHINGTON, D.C. 20549

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

☐

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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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.

SR-CBOE-2022-041 Amendment No.

PARTIAL AMENDMENT

Cboe Exchange, Inc. (“Cboe Options” or the “Exchange”) submits this Amendment, constituting Amendment No. 1, to rule filing SR-CBOE-2022-041 (the “Rule Filing”), in which the Exchange proposes to amend Rule 5.34(b) related to price protections and risk controls for complex orders. This Amendment No. 1 adds additional explanation to the Rule Filing and makes minor corrections to footnotes but makes no material changes to the Rule Filing nor substantive changes to the proposal.

The Exchange proposes to make a correction to footnote 3 on page 4 of the Form 19b-4 and footnote 5 on page 17 of Exhibit 1, which incorrectly states that “a butterfly spread also has comparatively fewer legs (three, as compared to a box spread, which has four legs) that contain the same strike and expiration”, to correctly state that “a butterfly spread also has comparatively fewer legs (three, as compared to a box spread, which has four legs) that contain the same expiration and different strikes”.

The Exchange proposes to add additional explanation by way on of an example on page 5 of the Form 19b-4 and page 17 of Exhibit 1 to the sentence that reads “That is, it is rare that market participants desire to sell such strategies at a price of zero.”, so that the sentence reads: “That is, it is rare that market participants desire to sell such strategies at a price of zero, which the Exchange believes could occur, for example, in the infrequent case of liquidation of a position.” The Exchange also proposes to provide additional explanation by adding footnote 4 on page 5 of the Form 19b-4 and footnote 6 on page 17 of Exhibit 1 to the end of the aforementioned sentence that provides:

The Exchange notes that the proposed price check does not extend to zero-priced vertical or butterfly sell spread orders, and therefore, such sell orders will continue to be permitted to rest on the COB.

The Exchange proposes to make a correction to footnote 4 (footnote 5, as amended) on page 5 of the Form 19b-4 and footnote 6 (footnote 7, as amended) on page 17 of Exhibit 1, which incorrectly states that “From its analysis of such orders submitted from January 2022 through July 2022, the Exchange identified that approximately only 1.3% of the approximately 177 million zero-priced buy vertical and butterfly spread orders submitted to rest in the COB received fills (including any in-part fills)”, to correctly state that “From its analysis of such orders submitted from January 2022 through July 2022, the Exchange identified that approximately only 1.3% of the approximately 177 million zero-priced buy vertical and butterfly spread contracts, of the approximately 6.5 million orders submitted to rest in the COB, were filled.”

The Exchange proposes to add additional explanation by adding footnote 8 on page 7 of the Form 19b-4 and footnote 10 on page 19 of Exhibit 1, appended to the end of the sentence that states “The proposed price check requires zero-priced vertical and butterfly buy spread orders to be designated only as IOC or Direct to PAR to ensure that such orders are either executed against marketable orders immediately (in whole or in part) and then cancelled without resting in the COB or sent to directly to a PAR workstation for manual handling by a Floor Broker—that is, also without resting in the COB”, that provides:

The Exchange additionally notes that, while a zero-bid vertical or butterfly spread order may be, and may continue to be, submitted as part of a paired order (i.e., as a cross on the trading floor or in a Complex Automated Improvement Mechanism (“C-AIM”)), in a review of vertical and butterfly spread orders submitted to C-AIM from January 2021 through August 2022, the Exchange did not identify any such orders submitted to C-AIM at a price

of zero.

The Exchange proposes to add additional explanation on page 7 of the Form 19b-4 and page 19 of Exhibit 1 following the sentence that states “Additionally, the proposed rule change allows a zero-priced vertical and butterfly buy spread order to initiate a COA, only if such order is auctioned via PAR”, that provides:

As stated above, there may be limited cases in which participants desire to sell a zero-priced vertical or butterfly spread, and therefore, the Exchange does not wish to foreclose possible, albeit infrequent, opportunities for execution of such orders with these strategies.

The Exchange proposes to make minor updates to certain sentences to provide additional emphasis as to the limited cases in which zero-priced buy vertical and butterfly strategy orders may be legitimately priced. Specifically, the Exchange amends the sentence on pages 7 and 8 of the Form 19b-4 and pages 19 and 20 of Exhibit 1 that states “By allowing zero-priced vertical and butterfly buy spread orders to be submitted only as IOC or for manual handling, including manual submission into a COA, the proposed rule change continues to provide execution opportunities for orders with these strategies that are legitimately priced at zero, while preventing a significant number of these orders from overwhelming the COB, many of which the Exchange believes do not have legitimate prices”, to instead state that “By allowing zero-priced vertical and butterfly buy spread orders to be submitted only as IOC or for manual handling, including manual submission into a COA, the proposed rule change continues to provide execution opportunities for orders with these strategies in the case that they are legitimately priced at zero, while preventing a significant number of these orders from overwhelming the COB, many of

which the Exchange believes do not have legitimate prices.” The Exchange amends the sentence on page 11 of the Form 19b-4 and page 23 of Exhibit 1 that states “By allowing zero-priced vertical and butterfly buy spread orders to be submitted only as IOC or for manual handling, including manual submission to COA, the proposed rule change continues to provide execution opportunities for these strategy orders, while preventing an influx of such orders from inundating the COB”, to instead state that “By allowing zero-priced vertical and butterfly buy spread orders to be submitted only as IOC or for manual handling, including manual submission to COA, the proposed rule change continues to provide execution opportunities in the limited cases in which these strategy orders may be legitimately priced, while preventing an influx of such orders from inundating the COB.”

The Exchange amends the sentence on page 12 of the Form 19b-4 and page 24 of Exhibit 1 that states “The proposed price protection will benefit investors and the marketplace generally by preventing significant numbers of resting zero-priced vertical and butterfly buy spread orders from overwhelming the COB, many of which are likely not legitimately priced, while continuing to provide execution opportunities for such orders that are legitimately priced at zero via the IOC instruction or manual handling”, to instead state that “The proposed price protection will benefit investors and the marketplace generally by preventing significant numbers of resting zero-priced vertical and butterfly buy spread orders from overwhelming the COB, many of which are likely not legitimately priced, while continuing to provide execution opportunities for such orders that, in limited cases, are legitimately priced at zero via the IOC instruction or manual handling.”

This Amendment No. 1 makes no material changes to the Rule Filing. Amendment No. 1 simply corrects a minor error regarding the definition of a butterfly spread and a

accuracy of a description of the Exchange's analysis and adds additional explanation to the proposal in connection with the limited cases in which certain zero-priced buy strategy orders may be legitimately priced and how such orders may be submitted as a paired order and the Exchange's review of such paired orders, as well as makes minor updates to certain sentences to provide additional emphasis as to the limited cases in which zero-priced buy vertical and butterfly strategy orders may be legitimately priced. As such, Amendment No. 1 makes no material changes to the Rule Filing nor substantive changes to the proposal. Therefore, the Exchange does not believe a full notice and comment period is necessary, and thus believes accelerated approval is appropriate.