

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 28		SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No. * SR 2025 - * 020 Amendment No. (req. for Amendments *) 2	
Filing by Cboe Exchange, Inc. Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934					
Initial * ☐		Amendment * ☒		Withdrawal ☐	
Pilot ☐		Extension of Time Period for Commission Action * ☐		Date Expires * 	
		Section 19(b)(2) * ☒		Section 19(b)(3)(A) * ☐	
				Section 19(b)(3)(B) * ☐	
				Rule	
		☐ 19b-4(f)(1)		☐ 19b-4(f)(4)	
		☐ 19b-4(f)(2)		☐ 19b-4(f)(5)	
		☐ 19b-4(f)(3)		☐ 19b-4(f)(6)	
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * ☐			Section 806(e)(2) * ☐		
			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * ☐		
Exhibit 2 Sent As Paper Document ☐			Exhibit 3 Sent As Paper Document ☐		
Description Provide a brief description of the action (limit 250 characters, required when Initial is checked *). 					
Contact Information Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action. First Name * Laura Last Name * Dickman Title * VP, Associate General Counsel E-mail * ldickman@cboe.com Telephone * (312) 786-7572 Fax					
Signature Pursuant to the requirements of the Securities Exchange of 1934, Cboe Exchange, Inc. has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized. Date 07/23/2025 (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: 2025.07.23 12:25:02 -05'00'					

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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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25-020 19b-4 (SPEQX, SPEQF, SPEQF, SF)

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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25-020 Exhibit 1 (SPEQX, SPEQF, SF)

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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25-020 Exhibit 4 (SPEQX, SPEQF, SF)

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

Exhibit 5 - Proposed Rule Text

Add Remove View

25-020 Exhibit 5 (SPEQX, SPEQF, SF)

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 amend the position and exercise limits for options that overlie the S&P 500 Equal Weight Index (based on both the full value and one-tenth the value of the index) (“SPEQF options” and “SPEQX options,” respectively). The Exchange initially submitted this rule filing SR-CBOE-2025-020 to the Securities and Exchange Commission (the “Commission”) on March 14, 2025 (the “Initial Rule Filing”), and submitted Amendment No. 1 on July 7, 2025, which Amendment No. 1 eliminated the S&P 500 Scored & Screened Index (formerly the S&P 500 ESG Index) (“SPESG options”) from the scope of the proposal and provided additional support for and detail regarding the proposal related to SPEQF and SPEQX options, but made no other material changes to the proposal.¹ This Amendment No. 2 supersedes and replaces amendment No. 1 to correct a technical error in the Exhibit 1 and makes no changes to the proposal. The text of the proposed rule change is provided in Exhibit 5.

(b) Not applicable.

(c) Not applicable.

Item 2. Procedures of the Self-Regulatory Organization

(a) The Exchange’s President (or designee) pursuant to delegated authority approved the proposed rule change on March 14, 2025.

(b) Please refer questions and comments on the proposed rule change to Pat Sexton, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-

¹ The Exchange is contemporaneously withdrawing Amendment No. 1 and filing this Amendment No. 2.

7467, or Laura G. Dickman, (312) 786-7572, 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

The purpose of this proposed rule change is to amend the position and exercise limits for SPEQF options and SPEQX options. Pursuant to Rule 8.31(a), the current position limit for each of these three options is 25,000 contracts.² Pursuant to Rule 8.42(b), the exercise limit for each of these options is equivalent to its position limit and thus is also 25,000 contracts. With respect to flexible exchange options ("FLEX options"), Rule 8.35(a)(2) provides that the position limits for FLEX SPEQF and SPEQX options are 200,000 contracts, and Rule 8.42(g) provides that the exercise limits are also 200,000 contracts.

The proposed rule change amends Rules 8.31(a) and 8.35(b) to eliminate the position and exercise limits for each of SPEQF and SPEQX options (including FLEX options). This would also eliminate the exercise limits for these options pursuant to Rule 8.42(b) and (g). There are currently no position or exercise limits for many other broad-based index options (including FLEX), including SPX and XSP options. The underlying index of SPX and XSP options (the S&P 500 Index) is comprised of the same components as SPEQF and SPEQX options. In addition, the Exchange notes that other S&P 500 Index-related options (e.g., S&P 500 Dividend Index) have no position or exercise limits. FLEX SPEQF and SPEQX options will be subject to the same reporting requirements triggered

² Positions (and exercises) are further limited to 15,000 near-term contracts. See Rule 8.31(a).

for other FLEX options traded on the Exchange.³ Given the relationship between the S&P 500 Equal Weight Index and the S&P 500 Index, the Exchange understands that market participants' investment and hedging strategies may consist of options overlying any or all of these options. As a result, the Exchange believes it is appropriate for these options to all be subject to the same position and exercise limits to provide them with the ability to execute these strategies with sufficient flexibility and in a consistent manner.

(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.⁴ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁵ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁶ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

³ See Rule 8.35(b).

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(5).

⁶ Id.

In particular, the Exchange believes the proposed rule change 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, because it is consistent with existing rules regarding position and exercise limits for many broad-based index options currently authorized for listing and trading on the Exchange. There are currently no position limits for related options that overlay the S&P 500 Index, the components of which are the same as those of the S&P 500 Equal Weight Index. Because of this relationship between the S&P 500 Equal Weight Index and the S&P 500 Index, options on all of which market participants may use as hedging vehicles to meet their investment needs in connection with S&P 500 Index-related products and cash positions, the Exchange believes the proposed rule change will benefit investors, as it will permit market participants to use these options in accordance with consistent rules with respect to their investment and hedging strategies.

Despite the overlapping constituents of the indexes underlying SPX options and SPEQF and SPEQX options, these options provide investors with important alternate investment opportunities. With respect to SPEQF and SPEQX options, the U.S. equity markets have experienced increased levels of concentration in recent years. SPEQF and SPEQX options provide market participants with alternative tools to manage their risk and diversify their exposure to the stocks comprising the S&P 500 Index by permitting them to gain broad exposure to these stocks using options that would be less impacted by a shift in concentration and market momentum. Because capitalization-weighted indexes such as the S&P 500 Index are more impacted by larger capitalized stocks, options overlying an equal-weighted index (such as the S&P 500 Equal Weight Index) would benefit investors

by permitting them to hedge against potential swings in the largest stocks comprising the S&P 500 Index while maintaining the ability to hedge across the entire span of S&P 500 constituent securities. Because the components of the S&P 500 Equal Weight Index are the same as the components of the S&P 500 Index, market participants may use options overlying these indexes as a hedging vehicle to meet their investment needs in connection with S&P 500-related products and cash positions, and, therefore, the Exchange believes it is appropriate to provide generally consistent features between options on these indexes, as that ultimately will remove impediments to and perfect the mechanism of a free and open market and a national market system. The Exchange believes imposing lower position and exercise position limits on SPEQF and SPEQX options may unnecessarily restrict investors' abilities to use these options to achieve their investment goals.

The Exchange believes the proposed rule change is designed to prevent fraudulent and manipulative acts and practices and to promote just and equitable principles of trade. The S&P 500 Equal Weight Index, like the S&P 500 Index, is comprised of the 500 largest capitalized stocks listed on U.S. securities exchanges. These stocks cover approximately 80% of the total U.S. stock market capitalization. The Exchange believes the deep, liquid markets for these large-capitalization stocks reduces concerns of market manipulation or impact on the underlying markets. Despite the difference in weighting of the constituents in the S&P 500 Equal Weight Index (each constituent would be approximately 0.2%) compared to the weight of the constituents in the S&P 500 Index (constituent weightings currently range from 0.01% to just under 7%), it would be difficult for investors to manipulate the index value of the S&P Equal Weight Index. Doing so would require investors to influence the value of a large number of constituent stocks to impact the value

of the index, which the Exchange believes would be prohibitively expensive to do so, even for the less liquid constituents. Similarly, even the least liquid constituents in the S&P 500 Equal Weight Index are still amongst the most liquid and largest capitalized stocks in the United States, making it unlikely those markets could be materially impacted by increased options trading. Therefore, the Exchange does not believe the elimination of position (and exercise) limits for SPEQF and SPEQX options will increase the risk of manipulation of the index value or impact the markets for the underlying constituents.

If the Commission approves the proposed rule change, the reporting requirements for SPEQF and SPEQX options would remain unchanged. Specifically, the Exchange's requirement that TPHs file reports with the Exchange for any customer who held aggregate large long or short positions on the same side of the market of 200 or more option contracts of any single class for the previous day will remain at this level for the options subject to this proposal and will continue to serve as an important part of the Exchange's surveillance efforts.⁷ While SPEQX and SPEQF options are not subject to the hedged position reporting requirement in Rule 8.43(b),⁸ the Exchange may access this position information from TPH.⁹

The Exchange believes that the existing surveillance procedures and reporting requirements at the Exchange and other SROs are capable of properly identifying

⁷ See Rule 8.43(a).

⁸ Rule 8.43(b) applies only to non-FLEX equity options.

⁹ The Options Clearing Corporation ("OCC") through the Large Option Position Reporting ("LOPR") system acts as a centralized service provider for TPH compliance with position reporting requirements by collecting data from each TPH or TPH organization, consolidating the information, and ultimately providing detailed listings of each TPH's report to the Exchange, as well as Financial Industry Regulatory Authority, Inc. ("FINRA"), acting as its agent pursuant to a regulatory services agreement ("RSA").

disruptive and/or manipulative trading activity. The Exchange also represents that it has adequate surveillances in place to detect potential manipulation, as well as reviews in place to identify potential changes in composition of the S&P 500 Equal Weight Index and continued compliance with the Exchange's listing standards. These procedures utilize daily monitoring of market activity via automated surveillance techniques to identify unusual activity in both options and the underlying index, as applicable.¹⁰ The Exchange also notes that large stock holdings must be disclosed to the Commission by way of Schedules 13D or 13G,¹¹ which are used to report ownership of stock which exceeds 5% of a company's total stock issue and may assist in providing information in monitoring for any potential manipulative schemes.

The Exchange believes that the current financial requirements imposed by the Exchange and by the Commission adequately address concerns regarding potentially large, unhedged positions in SPEQX and SPEQF options. Current margin and risk-based haircut methodologies serve to limit the size of positions maintained by any one account by increasing the margin and/or capital that a TPH must maintain for a large position held by itself or by its customer.¹² In addition, Rule 15c3-1¹³ imposes a capital charge on TPHs to the extent of any margin deficiency resulting from the higher margin requirement.

When approving the Exchange's proposed rule change to eliminate position limits for SPX options, the Commission noted it believed "that the enormous capitalization of

¹⁰ The Exchange believes these procedures have been effective for the surveillance of trading the options subject to this proposal and will continue to employ them.

¹¹ 17 CFR 240.13d-1.

¹² See Chapter 10 of the Exchange's rulebook, including Rule 10.3, for a description of margin requirements.

¹³ 17 CFR 240.15c3-1.

and deep, liquid markets for the underlying securities contained in these indexes significantly reduces concerns regarding market manipulation or disruption in the underlying market.”¹⁴ The Commission continued, stating that “[r]emoving position and exercise limits for these index options may also bring additional depth and liquidity, in terms of both volume and open interest, to [SPX options] without significantly increasing concerns regarding intermarket manipulations or disruptions of the options or the underlying securities.”¹⁵ This finding would apply to the S&P 500 Equal Weight Index, and thus SPEQF and SPEQX options, given that it is comprised of the same components as the S&P 500 Index underlying SPX options. The Commission further found that: (1) eliminating position and exercise limits for SPX options would better service the hedging needs of institutions; (2) financial requirements imposed by the Exchange and the Commission adequately address concerns that a Cboe member or customer may try to maintain an inordinately large unhedged SPX option position; (3) index derivatives are not subject to position and exercise limits in the over-the-counter market); and (4) the Exchange surveillance reporting safeguards would allow it to detect and deter trading abuses arising from the elimination of position and exercise limits for SPX options).¹⁶ The

¹⁴ See Securities Exchange Act Release No. 40969 (January 22, 1999), 64 FR 4911, 4913 (February 1, 1999) (SR-CBOE-98-23). As of January 8, 2025, the total market capitalization of the S&P 500 Index was \$49.788 trillion (which is nearly six times more than the market capitalization of the S&P 500 Index in 1999, when the Commission approved the elimination of position and exercise limits for SPX options). Additionally, the average daily trading volume for the underlying components of the S&P 500 Index for the six months preceding January 8, 2025 was approximately 2.7 billion shares (compared to 757.7 million in 1999). Given that the S&P 500 Equal Weight Index is comprised of the same constituents as the S&P 500 Index, the S&P 500 Equal Weight Index would have the same market capitalization, and the underlying components would have the same average trading volume, as the S&P 500 Index, which demonstrates the “substantial liquidity of the index components as a group.” Id.

¹⁵ Id.

¹⁶ Id.

Exchange believes these same principles apply to supporting no position or exercise limits for SPEQF and SPEQX, particularly given the exact overlap of constituents for the S&P 500 Index and the S&P 500 Equal Weight Index.

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 the proposed rule change will impose any burden on intramarket competition that is not necessary in furtherance of the purposes of the Act, because it will apply to all market participants in the same manner. Additionally, the Exchange does not believe this proposed rule change will impose any burden on intermarket competition that is not necessary in furtherance of the purposes of the Act, because the Rules currently impose no position or exercise limits on many other broad-based index options, including SPX and XSP options, which overlie an index comprised of the same constituents. Additionally, the rules of other options exchange provide that other broad-based index options will not be subject to any position or exercise limits.¹⁷

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.

¹⁷ See, e.g., Nasdaq PHLX LLC Options 4A, Section 6(a)(i) (which provides there are no position limits for Full Value Nasdaq 100 Options, the Reduced Value Nasdaq 100 Options, the Nasdaq 100-Micro Index Options, and the Nasdaq-100 ESG Index Options).

Item 6. Extension of Time Period for Commission Action

The Exchange does not consent to an extension of the time period for Commission action on the proposed rule change specified in Section 19(b)(2) of the Act.¹⁸

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

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) This Amendment No. 1 is filed for accelerated effectiveness pursuant to Section 19(b)(2) of the Act.¹⁹ The Exchange requests that the Commission approve this Amendment No. 1 on an accelerated basis pursuant to Section 19(b)(2) of the Act so that it may be operative as soon as practicable. This Amendment No. 1 only narrows the scope of the proposed rule change as set forth in the Initial Rule Filing to SPEQX and SPEQF options, which was thus already included in the Initial Rule Filing and subject to public comment.²⁰ Amendment No. 1 also adds support for the proposed rule change but makes no other substantive changes to the proposal. As noted above, there are currently no position (or exercise) limits applicable to many other broad-based index options, including SPX options, the underlying index for which is comprised of the same components of the S&P 500 Equal Weight Index, which underlies SPEQX and SPEQF options. Because of this relationship between the S&P 500 Equal Weight Index and the S&P 500 Index, options on all of which market participants may use as hedging vehicles to meet their investment needs in connection

¹⁸ 15 U.S.C. 78s(b)(2).

¹⁹ 15 U.S.C. 78s(b)(2).

²⁰ No comments were submitted in response to the Initial Rule Filing.

with S&P 500 Index-related products and cash positions, the Exchange believes the proposed rule change will benefit investors, as it will permit market participants to use these options in accordance with consistent rules with respect to their investment and hedging strategies. Given the relationship between the S&P 500 Equal Weight Index and the S&P 500 Index, the Exchange understands that market participants' investment and hedging strategies may consist of options overlying any or all of these options. As a result, the Exchange believes alignment of position and exercise limits for these products will provide investors with the ability to execute these strategies with sufficient flexibility and in a consistent manner as soon as possible.

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 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 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CBOE-2025-020]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of a Proposed Rule Change to Eliminate Position and Exercise Limits for Options on the S&P 500 Equal Weight Index

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on [insert date], Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to amend the position and exercise limits for options that overlie the S&P 500 Equal Weight Index (based on both the full value and one-tenth the value of the index) (“SPEQF options” and “SPEQX options,” respectively). The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange’s website (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange’s Office of the Secretary, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

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

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

1. Purpose

The purpose of this proposed rule change is to amend the position and exercise limits for SPEQF options and SPEQX options. Pursuant to Rule 8.31(a), the current position limit for each of these three options is 25,000 contracts.³ Pursuant to Rule 8.42(b), the exercise limit for each of these options is equivalent to its position limit and thus is also 25,000 contracts. With respect to flexible exchange options ("FLEX options"), Rule 8.35(a)(2) provides that the position limits for FLEX SPEQF and SPEQX options are 200,000 contracts, and Rule 8.42(g) provides that the exercise limits are also 200,000 contracts.

The proposed rule change amends Rules 8.31(a) and 8.35(b) to eliminate the position and exercise limits for each of SPEQF and SPEQX options (including FLEX options). This would also eliminate the exercise limits for these options pursuant to Rule 8.42(b) and (g). There are currently no position or exercise limits for many other broad-based index options (including FLEX), including SPX and XSP options. The underlying

³ Positions (and exercises) are further limited to 15,000 near-term contracts. See Rule 8.31(a).

index of SPX and XSP options (the S&P 500 Index) is comprised of the same components as SPEQF and SPEQX options. In addition, the Exchange notes that other S&P 500 Index-related options (e.g., S&P 500 Dividend Index) have no position or exercise limits. FLEX SPEQF and SPEQX options will be subject to the same reporting requirements triggered for other FLEX options traded on the Exchange.⁴ Given the relationship between the S&P 500 Equal Weight Index and the S&P 500 Index, the Exchange understands that market participants' investment and hedging strategies may consist of options overlying any or all of these options. As a result, the Exchange believes it is appropriate for these options to all be subject to the same position and exercise limits to provide them with the ability to execute these strategies with sufficient flexibility and in a consistent manner.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁵ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁶ 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

⁴ See Rule 8.35(b).

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

consistent with the Section 6(b)(5)⁷ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes the proposed rule change will 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, because it is consistent with existing rules regarding position and exercise limits for many broad-based index options currently authorized for listing and trading on the Exchange. There are currently no position limits for related options that overlay the S&P 500 Index, the components of which are the same as those of the S&P 500 Equal Weight Index. Because of this relationship between the S&P 500 Equal Weight Index and the S&P 500 Index, options on all of which market participants may use as hedging vehicles to meet their investment needs in connection with S&P 500 Index-related products and cash positions, the Exchange believes the proposed rule change will benefit investors, as it will permit market participants to use these options in accordance with consistent rules with respect to their investment and hedging strategies.

Despite the overlapping constituents of the indexes underlying SPX options and SPEQF and SPEQX options, these options provide investors with important alternate investment opportunities. With respect to SPEQF and SPEQX options, the U.S. equity markets have experienced increased levels of concentration in recent years. SPEQF and SPEQX options provide market participants with alternative tools to manage their risk and diversify their exposure to the stocks comprising the S&P 500 Index by permitting them to gain broad exposure to these stocks using options that would be less impacted by a shift in

⁷ Id.

concentration and market momentum. Because capitalization-weighted indexes such as the S&P 500 Index are more impacted by larger capitalized stocks, options overlying an equal-weighted index (such as the S&P 500 Equal Weight Index) would benefit investors by permitting them to hedge against potential swings in the largest stocks comprising the S&P 500 Index while maintaining the ability to hedge across the entire span of S&P 500 constituent securities. Because the components of the S&P 500 Equal Weight Index are the same as the components of the S&P 500 Index, market participants may use options overlying these indexes as a hedging vehicle to meet their investment needs in connection with S&P 500-related products and cash positions, and, therefore, the Exchange believes it is appropriate to provide generally consistent features between options on these indexes, as that ultimately will remove impediments to and perfect the mechanism of a free and open market and a national market system. The Exchange believes imposing lower position and exercise position limits on SPEQF and SPEQX options may unnecessarily restrict investors' abilities to use these options to achieve their investment goals.

The Exchange believes the proposed rule change is designed to prevent fraudulent and manipulative acts and practices and to promote just and equitable principles of trade. The S&P 500 Equal Weight Index, like the S&P 500 Index, is comprised of the 500 largest capitalized stocks listed on U.S. securities exchanges. These stocks cover approximately 80% of the total U.S. stock market capitalization. The Exchange believes the deep, liquid markets for these large-capitalization stocks reduces concerns of market manipulation or impact on the underlying markets. Despite the difference in weighting of the constituents in the S&P 500 Equal Weight Index (each constituent would be approximately 0.2%) compared to the weight of the constituents in the S&P 500 Index (constituent weightings

currently range from 0.01% to just under 7%), it would be difficult for investors to manipulate the index value of the S&P Equal Weight Index. Doing so would require investors to influence the value of a large number of constituent stocks to impact the value of the index, which the Exchange believes would be prohibitively expensive to do so, even for the less liquid constituents. Similarly, even the least liquid constituents in the S&P 500 Equal Weight Index are still amongst the most liquid and largest capitalized stocks in the United States, making it unlikely those markets could be materially impacted by increased options trading. Therefore, the Exchange does not believe the elimination of position (and exercise) limits for SPEQF and SPEQX options will increase the risk of manipulation of the index value or impact the markets for the underlying constituents.

If the Commission approves the proposed rule change, the reporting requirements for SPEQF and SPEQX options would remain unchanged. Specifically, the Exchange's requirement that TPHs file reports with the Exchange for any customer who held aggregate large long or short positions on the same side of the market of 200 or more option contracts of any single class for the previous day will remain at this level for the options subject to this proposal and will continue to serve as an important part of the Exchange's surveillance efforts.⁸ While SPEQX and SPEQF options are not subject to the hedged position reporting requirement in Rule 8.43(b),⁹ the Exchange may access this position information from TPH.¹⁰

⁸ See Rule 8.43(a).

⁹ Rule 8.43(b) applies only to non-FLEX equity options.

¹⁰ The Options Clearing Corporation ("OCC") through the Large Option Position Reporting ("LOPR") system acts as a centralized service provider for TPH compliance with position reporting requirements by collecting data from each TPH or TPH organization, consolidating the information, and ultimately providing detailed listings of each TPH's report to the Exchange, as well as Financial Industry Regulatory Authority, Inc. ("FINRA"), acting as its agent pursuant to a regulatory services

The Exchange believes that the existing surveillance procedures and reporting requirements at the Exchange and other SROs are capable of properly identifying disruptive and/or manipulative trading activity. The Exchange also represents that it has adequate surveillances in place to detect potential manipulation, as well as reviews in place to identify potential changes in composition of the S&P 500 Equal Weight Index and continued compliance with the Exchange's listing standards. These procedures utilize daily monitoring of market activity via automated surveillance techniques to identify unusual activity in both options and the underlying index, as applicable.¹¹ The Exchange also notes that large stock holdings must be disclosed to the Commission by way of Schedules 13D or 13G,¹² which are used to report ownership of stock which exceeds 5% of a company's total stock issue and may assist in providing information in monitoring for any potential manipulative schemes.

The Exchange believes that the current financial requirements imposed by the Exchange and by the Commission adequately address concerns regarding potentially large, unhedged positions in SPEQX and SPEQF options. Current margin and risk-based haircut methodologies serve to limit the size of positions maintained by any one account by increasing the margin and/or capital that a TPH must maintain for a large position held by

agreement ("RSA").

¹¹ The Exchange believes these procedures have been effective for the surveillance of trading the options subject to this proposal and will continue to employ them.

¹² 17 CFR 240.13d-1.

itself or by its customer.¹³ In addition, Rule 15c3-1¹⁴ imposes a capital charge on TPHs to the extent of any margin deficiency resulting from the higher margin requirement.

When approving the Exchange’s proposed rule change to eliminate position limits for SPX options, the Commission noted it believed “that the enormous capitalization of and deep, liquid markets for the underlying securities contained in these indexes significantly reduces concerns regarding market manipulation or disruption in the underlying market.”¹⁵ The Commission continued, stating that “[r]emoving position and exercise limits for these index options may also bring additional depth and liquidity, in terms of both volume and open interest, to [SPX options] without significantly increasing concerns regarding intermarket manipulations or disruptions of the options or the underlying securities.”¹⁶ This finding would apply to the S&P 500 Equal Weight Index, and thus SPEQF and SPEQX options, given that it is comprised of the same components as the S&P 500 Index underlying SPX options. The Commission further found that: (1) eliminating position and exercise limits for SPX options would better service the hedging needs of institutions; (2) financial requirements imposed by the Exchange and the

¹³ See Chapter 10 of the Exchange’s rulebook, including Rule 10.3, for a description of margin requirements.

¹⁴ 17 CFR 240.15c3-1.

¹⁵ See Securities Exchange Act Release No. 40969 (January 22, 1999), 64 FR 4911, 4913 (February 1, 1999) (SR-CBOE-98-23). As of January 8, 2025, the total market capitalization of the S&P 500 Index was \$49.788 trillion (which is nearly six times more than the market capitalization of the S&P 500 Index in 1999, when the Commission approved the elimination of position and exercise limits for SPX options). Additionally, the average daily trading volume for the underlying components of the S&P 500 Index for the six months preceding January 8, 2025 was approximately 2.7 billion shares (compared to 757.7 million in 1999). Given that the S&P 500 Equal Weight Index is comprised of the same constituents as the S&P 500 Index, the S&P 500 Equal Weight Index would have the same market capitalization, and the underlying components would have the same average trading volume, as the S&P 500 Index, which demonstrates the “substantial liquidity of the index components as a group.” Id.

¹⁶ Id.

Commission adequately address concerns that a Cboe member or customer may try to maintain an inordinately large unhedged SPX option position; (3) index derivatives are not subject to position and exercise limits in the over-the-counter market); and (4) the Exchange surveillance reporting safeguards would allow it to detect and deter trading abuses arising from the elimination of position and exercise limits for SPX options).¹⁷ The Exchange believes these same principles apply to supporting no position or exercise limits for SPEQF and SPEQX, particularly given the exact overlap of constituents for the S&P 500 Index and the S&P 500 Equal Weight Index.

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 the proposed rule change will impose any burden on intramarket competition that is not necessary in furtherance of the purposes of the Act, because it will apply to all market participants in the same manner. Additionally, the Exchange does not believe this proposed rule change will impose any burden on intermarket competition that is not necessary in furtherance of the purposes of the Act, because the Rules currently impose no position or exercise limits on many other broad-based index options, including SPX and XSP options, which overlie an index comprised of the same constituents. Additionally, the rules of other options exchange provide that other broad-based index options will not be subject to any position or exercise limits.¹⁸

¹⁷ Id.

¹⁸ See, e.g., Nasdaq PHLX LLC Options 4A, Section 6(a)(i) (which provides there are no position limits for Full Value Nasdaq 100 Options, the Reduced Value Nasdaq 100 Options, the Nasdaq 100-Micro Index Options, and the Nasdaq-100 ESG Index Options).

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

The Exchange neither solicited nor received written comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

- A. by order approve or disapprove such proposed rule change, or
- B. institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-CBOE-2025-020 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-2025-020. 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 submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also 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-2025-020 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.¹⁹

Sherry R. Haywood,

Assistant Secretary.

¹⁹ 17 CFR 200.30-3(a)(12).

EXHIBIT 4

Additions set forth in the proposed rule text of Amendment No. 2 to SR-CBOE-2025-020 are underlined and deletions set forth in the proposed rule text of original SR-CBOE-2025-020 are bracketed. Additions being made pursuant to Amendment No. 2 to SR-CBOE-2025-020 are double-underlined and deletions being made pursuant to Amendment No. 2 to SR-CBOE-2025-020 are struck.

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Rules of Cboe Exchange, Inc.

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Rule 8.31. Position Limits for Broad-Based Index Options

(a) In determining compliance with Rule 8.30, there shall be no position limits for broad-based index option contracts (including reduced-value option contracts and micro-option contracts) on Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance, Cboe S&P 500 Three-Month Realized Volatility and on the BXM (1/10th value), DJX, OEX, XEO, NDX, XND, RUT, VIX, VXN, VXD, VXST, S&P 500 Dividend Index, ~~SPESG~~, SPEQF (full-value), SPEQX (1/10th value), and SPX classes. All other broad-based index option contracts shall be subject to a contract limitation fixed by the Exchange, which shall not be larger than the limits provided in the chart below.

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Rule 8.35. Position Limits for FLEX Options

(a) No change.

(b) *Certain Broad-Based FLEX Index Options.* There shall be no position limits for FLEX BXM (1/10th value), DJX, NDX, XND, OEX, RUT, S&P 500 Dividend Index, SPX, ~~SPESG~~, SPEQF, SPEQX, VIX, VXN, VXD, Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance, Cboe S&P 500 Three-Month Realized Volatility or XEO option contracts (including reduced-value option contracts and FLEX Index Option contracts with a multiplier of one). However, each Trading Permit Holder or TPH organization (other than a FLEX Market-Maker) that maintains a FLEX broad-based index option position on the same side of the market in excess of 100,000 contracts for NDX, XND, OEX, RUT, S&P 500 Dividend Index, SPX, ~~SPESG~~, SPEQF, SPEQX, VIX, VXN, VXD, Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance, Cboe S&P 500 Three-Month Realized Volatility or XEO and 1 million contracts for BXM (1/10th value) and DJX, for its own account or for the account of a customer, shall report information as to whether the positions are hedged and provide documentation as to how such contracts are hedged, in the manner and form prescribed by the Exchange. In calculating the applicable contract-reporting amount, reduced-value contracts will be aggregated with full-value contracts and counted by the amount by which they equal a full-value contract (e.g., 10 XSP options equal 1 SPX full-value contract, and 100 FLEX Index Options with a multiplier of 1 equal one FLEX Index Option with a multiplier of 100 overlying the same index). The Exchange may specify other reporting requirements

of this interpretation as well as the limit at which the reporting requirement may be triggered. In addition, whenever the Exchange determines that a higher margin is warranted in light of the risks associated with an under-hedged FLEX BXM (1/10th value), DJX, NDX, XND, OEX, RUT, S&P 500 Dividend Index, SPX, ~~SPESG~~, ~~SPEQF~~, ~~SPEQX~~, VIX, VXN, VXD, Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance, Cboe S&P 500 Three-Month Realized Volatility or XEO options position, the Exchange may consider imposing additional margin upon the account maintaining such under-hedged position, pursuant to its authority under Rule 10.10. Additionally, it should be noted that the clearing firm carrying the account will be subject to capital charges under Rule 15c3-1 under the Exchange Act to the extent of any margin deficiency resulting from the higher margin requirements.

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Rule 8.42. Exercise Limits

(a) No change.

(b) *Index Options*. In determining compliance with this Rule 8.42, exercise limits for index option contracts shall be equivalent to the position limits prescribed for option contracts with the nearest expiration date in Rule 8.31, 8.32, or 8.34. There shall be no exercise limits for broad-based index options (including reduced-value option contracts and micro-option contracts) on Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance, Cboe S&P 500 Three-Month Realized Volatility and on the BXM (1/10th value), DJX, OEX, XEO, NDX, XND, RUT, VIX, VXN, VXD, VXST, S&P 500 Dividend Index, [or] SPX, ~~SPESG~~, ~~SPEQF~~, or ~~SPEQX~~.

(c) – (f) No change.

(g) *FLEX Options*. Exercise limits for FLEX Index and FLEX Individual Stock or ETF Based Volatility Index Options shall be equivalent to the FLEX position limits prescribed in Rule 8.35. There shall be no exercise limits for broad-based FLEX Index Options (including reduced-value option contracts and FLEX Index Option contracts with a multiplier of one) on BXM (1/10th value), DJX, NDX, XND, OEX, RUT, S&P 500 Dividend Index, SPX, ~~SPESG~~, ~~SPEQF~~, ~~SPEQX~~, VIX, VXN, VXD, Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance, Cboe S&P 500 Three-Month Realized Volatility and XEO. For purposes of determining compliance with the exercise limits under this paragraph (g), 100 FLEX Index Option contracts with a multiplier of 1 equal one FLEX Index Option contract with a multiplier of 100 with the same underlying index.

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EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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Rules of Cboe Exchange, Inc.

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Rule 8.31. Position Limits for Broad-Based Index Options

(a) In determining compliance with Rule 8.30, there shall be no position limits for broad-based index option contracts (including reduced-value option contracts and micro-option contracts) on Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance, Cboe S&P 500 Three-Month Realized Volatility and on the BXM (1/10th value), DJX, OEX, XEO, NDX, XND, RUT, VIX, VXN, VXD, VXST, S&P 500 Dividend Index, SPEQF (full-value), SPEQX (1/10th value), and SPX classes. All other broad-based index option contracts shall be subject to a contract limitation fixed by the Exchange, which shall not be larger than the limits provided in the chart below.

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Rule 8.35. Position Limits for FLEX Options

(a) No change.

(b) *Certain Broad-Based FLEX Index Options.* There shall be no position limits for FLEX BXM (1/10th value), DJX, NDX, XND, OEX, RUT, S&P 500 Dividend Index, SPX, SPEQF, SPEQX, VIX, VXN, VXD, Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance, Cboe S&P 500 Three-Month Realized Volatility or XEO option contracts (including reduced-value option contracts and FLEX Index Option contracts with a multiplier of one). However, each Trading Permit Holder or TPH organization (other than a FLEX Market-Maker) that maintains a FLEX broad-based index option position on the same side of the market in excess of 100,000 contracts for NDX, XND, OEX, RUT, S&P 500 Dividend Index, SPX, SPEQF, SPEQX, VIX, VXN, VXD, Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance, Cboe S&P 500 Three-Month Realized Volatility or XEO and 1 million contracts for BXM (1/10th value) and DJX, for its own account or for the account of a customer, shall report information as to whether the positions are hedged and provide documentation as to how such contracts are hedged, in the manner and form prescribed by the Exchange. In calculating the applicable contract-reporting amount, reduced-value contracts will be aggregated with full-value contracts and counted by the amount by which they equal a full-value contract (e.g., 10 XSP options equal 1 SPX full-value contract, and 100 FLEX Index Options with a multiplier of 1 equal one FLEX Index Option with a multiplier of 100 overlying the same index). The Exchange may specify other reporting requirements of this interpretation as well as the limit at which the reporting requirement may be triggered. In addition, whenever the Exchange determines that a higher margin is warranted in light of the risks associated with an under-hedged FLEX BXM (1/10th value), DJX, NDX, XND, OEX, RUT, S&P 500 Dividend Index, SPX, SPEQF, SPEQX, VIX, VXN, VXD, Cboe S&P 500 AM/PM Basis, Cboe

S&P 500 Three-Month Realized Variance, Cboe S&P 500 Three-Month Realized Volatility or XEO options position, the Exchange may consider imposing additional margin upon the account maintaining such under-hedged position, pursuant to its authority under Rule 10.10. Additionally, it should be noted that the clearing firm carrying the account will be subject to capital charges under Rule 15c3-1 under the Exchange Act to the extent of any margin deficiency resulting from the higher margin requirements.

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Rule 8.42. Exercise Limits

(a) No change.

(b) *Index Options*. In determining compliance with this Rule 8.42, exercise limits for index option contracts shall be equivalent to the position limits prescribed for option contracts with the nearest expiration date in Rule 8.31, 8.32, or 8.34. There shall be no exercise limits for broad-based index options (including reduced-value option contracts and micro-option contracts) on Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance, Cboe S&P 500 Three-Month Realized Volatility and on the BXM (1/10th value), DJX, OEX, XEO, NDX, XND, RUT, VIX, VXN, VXD, VXST, S&P 500 Dividend Index, [or] SPX, SPEQF, or SPEQX.

(c) – (f) No change.

(g) *FLEX Options*. Exercise limits for FLEX Index and FLEX Individual Stock or ETF Based Volatility Index Options shall be equivalent to the FLEX position limits prescribed in Rule 8.35. There shall be no exercise limits for broad-based FLEX Index Options (including reduced-value option contracts and FLEX Index Option contracts with a multiplier of one) on BXM (1/10th value), DJX, NDX, XND, OEX, RUT, S&P 500 Dividend Index, SPX, SPEQF, SPEQX, VIX, VXN, VXD, Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance, Cboe S&P 500 Three-Month Realized Volatility and XEO. For purposes of determining compliance with the exercise limits under this paragraph (g), 100 FLEX Index Option contracts with a multiplier of 1 equal one FLEX Index Option contract with a multiplier of 100 with the same underlying index.

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