Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 61

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

File No. * SR 2025 - * 008
Amendment No. (req. for Amendments *) 1

Filing by Cboe BYX 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) * ☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

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 * Matthew Last Name * Iwamaye

Title * VP, Associate General Counsel

E-mail * miwamaye@cboe.com

Telephone * (732) 687-9355 Fax

Signature

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

Date 06/13/2025

By Matthew Iwamaye
(Name *)

(Title *) 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.

Matthew Iwamaye Date: 2025.06.13 10:26:55 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

Add | Remove | View

BYX-25-008 19b-4 (MTP For Periodic

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 *

Add | Remove | View

BYX-25-008 Exhibit 1 (MTP for PA).dc

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 *

Add | Remove | View

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

Add | Remove | View

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 Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

Add | Remove | View

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

Add | Remove | View

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

BYX-25-008 Exhibit 5 (MTP for PA)_6.

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

Add | Remove | View

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 BYX Exchange, Inc. (the "Exchange" or "BYX") Cboe BYX Exchange, Inc. (the "Exchange" or "BYX") proposes to amend Exchange Rule 11.25 to allow (1) Users to utilize the Exchange's Match Trade Prevention ("MTP") functionality when entering Periodic Auction Orders onto the Exchange for execution; (2) add new rule text describing how the System will handle Periodic Auction Orders entered with MTP instructions when a Periodic Auction is *not* in progress; (3) add new rule text describing how the System will handle Periodic Auction Orders entered with MTP instructions when a Periodic Auction is in progress; and (4) add new rule text describing how System will handle inbound Periodic Auction Orders entered with both an MTP instruction and Minimum Quantity instruction, when a Periodic Auction is not in progress. The Exchange initially submitted this rule filing SR-CboeBYX-2025-008 to the Securities and Exchange Commission ("Commission") on March 14, 2025 (the "Initial Filing").[1] This Amendment No. 1 supersedes the Initial Filing and replaces it in its entirety. The text of the proposed rule change is provided below 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 June 12, 2025. The Exchange will announce via

[1] Securities Exchange Act Release No. 102727 (March 14, 2025), 90 FR 14304 (March 31, 2025) (SR-CboeBYX-2025-008) ("Initial Filing").

Exchange Notice the implementation of the proposed rule change no later than 90 days after the approval 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 Matthew Iwamaye, Vice President, Associate General Counsel, (732) 687-9355, Cboe BYX 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 Exchange proposes to amend Exchange Rule 11.25 to allow (1) Users to utilize the Exchange's Match Trade Prevention ("MTP")[2] functionality when entering Periodic Auction Orders[3] onto the Exchange for execution; (2) add new rule text describing how the System[4] will handle Periodic Auction Orders entered with MTP instructions when a Periodic Auction is *not* in progress; (3) add new rule text describing how the System will handle Periodic Auction Orders and Continuous Book Orders[5] entered with MTP instructions when a Periodic Auction is in progress; and (4) add new rule text describing how System will handle Periodic Auction Orders entered with both

---

2 See Rule 11.9(f).

3 The term "Periodic Auction Order" shall mean a "Periodic Auction Only Order" ("PAO") or "Periodic Auction Eligible Order" ("PAE") as those terms are defined in Rules 11.25(b)(1)-(2), and the term "Periodic Auction Book" shall mean the System's electronic file of such Periodic Auction Orders. See Rule 11.25(a)(6).

4 The term "System" shall mean the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away. See Rule 1.5(aa).

5 The term "Continuous Book Order" shall mean an order on the BYX Book that is not a Periodic Auction Order, and the term "Continuous Book" shall mean System's electronic file of such Continuous Book Orders. See Rule 11.25(a)(2).

an MTP instruction and Minimum Quantity[6] instruction, when a Periodic Auction is not in progress.

By way of background, MTP is an existing process[7] through which Users can prevent their incoming orders designated with a MTP modifier from executing against a resting opposite side order also designated with an MTP modifier and originating from the same market participant identifier ("MPID"), Exchange Member identifier, trading group identifier, Exchange Sponsored Participant identifier, affiliate identifier, or Multiple Access identifier (any such identifier, a "Unique Identifier").[8] Both the buy and the sell order must include the same Unique Identifier in order to prevent an execution from occurring and to effect a cancel instruction. MTP is a valuable tool for Exchange Users because it allows them to better manage their order flow to prevent undesirable trading activity such as wash sales[9] or self-trades[10] that may occur because of the high-speed nature of trading in today's marketplace. MTP is an optional order instruction, and

---

6 Minimum Quantity Order. A limit order to buy or sell that will only execute if a specified minimum quantity of shares can be obtained. See Rule 11.9(c)(5).

7 The Exchange notes that previous proposals extending the functionality of MTP to other trading scenarios were effective upon filing with the Commission. See generally Securities and Exchange Act Release No. 53429 (December 3, 2010), 75 FR 76763 (December 9, 2010) (SR-EDGX-2010-18); Securities and Exchange Act Release No. 34-96292 (November 10, 2022), 87 FR 68766 (November 16, 2022) (SR-CboeEDGX-2022-048).

8 Supra note 2.

9 A "wash sale" is generally defined as a trade involving no change in beneficial ownership that is intended to produce the false appearance of trading and is strictly prohibited under both the federal securities laws and FINRA rules. See, e.g., 15 U.S.C 78i(a)(1); FINRA Rule 6140(b) ("Other Trading Practices").

10 Self-trades are "transactions in a security resulting from the unintentional interaction of orders originating from the same firm that involve no change in beneficial ownership of the security." FINRA requires members to have policies and procedures in place that are reasonably designed to review trading activity for, and prevent, a pattern or practice of self-trades resulting from orders originating from a single algorithm or trading desk, or related algorithms or trading desks. See FINRA Rule 5210, Supplementary Material .02, available at: https://www.finra.org/rules-guidance/rulebooks/finra-rules/5210.

Users are not required to utilize this functionality. Rather, the Exchange offers this optional functionality for Users as a supplementary tool which they may choose to utilize in helping them comply with relevant securities, rules, laws, or regulations.

Periodic Auctions Background

Periodic Auctions are available on BYX during the Regular Trading Session (9:30 a.m. ET to 4:00 p.m. ET). Periodic Auction Orders[11] are non-displayed, and Members may send PAOs[12] or PAEs.[13] PAOs will only execute in a Periodic Auction and are eligible to initiate a Periodic Auction when matched with a contra-side Periodic Auction Order. PAEs are eligible to trade with Continuous Book orders and may also participate in Periodic Auctions. PAEs are eligible to initiate a Periodic Auction when matched with a contra-side Periodic Auction Order. PAEs may also trade immediately upon entry with a resting Continuous Book order instead of initiating a Periodic Auction. PAEs will be locked from trading in the Continuous Book upon initiation of a Periodic Auction. In addition, Continuous Book orders, both displayed and non-displayed (e.g., Midpoint Peg Orders) are not eligible to initiate a Periodic Auction but may be swept into the Periodic

---

11 Supra note 3.

12 A "Periodic Auction Only Order" ("PAO") is a non-displayed limit order entered with an instruction to participate solely in Periodic Auctions pursuant to this Rule 11.25. Periodic Auction Only Orders are not eligible for execution on the Continuous Book. See Rule 11.25(b)(1).

13 "A 'Periodic Auction Eligible Order' ("PAE") is a non-displayed limit order eligible to trade on the Continuous Book that is entered with an instruction to also initiate a Periodic Auction, if possible…Periodic Auction Eligible Orders will be ranked as Non-Displayed Limit Orders consistent with the priority of order outlined in Rule 11.12(a). An incoming Periodic Auction Eligible Order that is eligible both to trade on the Continuous Book and initiate a Periodic Auction against a Periodic Auction Only Order at the same price will trade immediately with the Continuous Book. Incoming Periodic Auction Eligible Orders will upon entry interact with Continuous Book Orders and other Periodic Auction Eligible Orders according to their rank under Rule 11.12(a). Periodic Auction Eligible Orders will not trade on the Continuous Book during a Periodic Auction Period in the security." See 11.25(b)(2).

Auction at the end of the Periodic Auction Period.[14] A Periodic Auction is initiated when a buy (sell) Periodic Auction Order is eligible to trade with a sell (buy) Periodic Auction Order within the Collar Price Range.[15]

Once a Periodic Auction is initiated, a Periodic Auction message will be generated and disseminated via the Exchange's proprietary depth of book market data feed at a randomized time prior to the end of the auction. All Periodic Auctions will run for a fixed time period of 100 milliseconds (i.e., the Periodic Auction Period). The Periodic Auction Book Price[16] will be the price where most shares will trade within the Collar Price Range.

Periodic Auction Orders and Continuous Book Orders that are executable at the end of the Periodic Auction Period are executed at the Periodic Auction Book Price determined pursuant to Rule 11.25(d), as follow: First, any displayed Continuous Book Orders that are executable at the Periodic Auction Book Price are executed in price/time priority. Second, any Periodic Auction Orders that are executable at the Periodic Auction

---

14 The term "Periodic Auction Period" shall mean the fixed time period of 100 milliseconds for conducting a Periodic Auction. Notwithstanding the foregoing, a Periodic Auction initiated pursuant to Rule 11.25(c) will be performed at the end of the Regular Trading Session if the Periodic Auction Period would otherwise end after the Regular Trading Session. See Rule 11.25(a)(8).

15 The term "Collar Price Range" shall mean the more restrictive of the Midpoint Collar Price Range, as defined in Rule 11.25(a)(1), and the Protected NBBO. Notwithstanding the foregoing, if the Collar Price Range calculated by the Exchange would be outside of the applicable Price Bands established pursuant to the Limit Up-Limit Down Plan, the Collar Price Range will be capped at such Price Bands. See Rule 11.25(a)(1).

16 The term "Periodic Auction Book Price" shall mean the price within the Collar Price Range at which the most shares from the Periodic Auction Book would match. In the event of a volume-based tie at multiple price levels, the Periodic Auction Book Price will be the price that results in the minimum total imbalance. In the event of a volume-based tie and a tie in minimum total imbalance at multiple price levels, the Periodic Auction Book Price will be the price closest to the Volume Based Tie Breaker. The Periodic Auction Book Price will be expressed in the minimum increment for the security unless the midpoint of the NBBO establishes the Periodic Auction Book Price. See Rule 11.25(a)(5).

Book Price are executed in size/time priority, beginning with the largest order. Finally, any non-displayed Continuous Book Orders that are executable at the Periodic Auction Book Price are executed as provided in Rule 11.9(a)(2)(B)

Proposed Rule Change

Currently, Rule 11.25(e) states that all MTP modifiers (as defined in Rule 11.9(f)(1)-(5)) for Periodic Auction Orders will be ignored for executions occurring during a Periodic Auction. As part of the Exchange's prior Periodic Auction Rule filings,[17] the Exchange reasoned that MTP is mainly designed for use on the Continuous Book, and use of MTP for PAE Orders and PAO Orders (collectively, Periodic Auction Orders) may complicate the execution of the Periodic Auction which requires the pooling and matching of multiple orders against other orders at the Periodic Auction Book Price. Based on User feedback, however, Users of Periodic Auctions desire the ability to utilize MTP for their Periodic Auction Orders (when the Periodic Auction is not in progress) to help better manage their order flow and regulatory risk by helping to prevent the execution of wash sales when a User's buy (sell) Periodic Auction Order or Continuous Book order inadvertently executes with its sell (buy) Periodic Auction Order or Continuous Book Order. By reducing their risk, Users may, in turn, increase their usage of Periodic Auctions, thereby providing more liquidity, including but not limited to block size transactions, thereby providing the marketplace with alternative to off-exchange venues where a growing percentage of such transactions are executed today.

---

17 See Securities and Exchange Act Release No 34-91423 (March 26, 2021), 86 FR 17230 (April 1, 2021) (SR-CboeBYX-2020-021).

Accordingly, the Exchange now seeks to allow Users to enter onto the Exchange Periodic Auction Orders with MTP instructions ("MTP Order").[18] Importantly, allowing Users to enter MTP Orders will *not* impact how the Periodic Auction itself is conducted, and the proposed MTP functionality will *not* prevent the completion of a Periodic Auction once it has been initiated.

The Exchange also wishes to add rule text describing how the System will handle MTP Orders when a Periodic Auction is in progress. As proposed, when a Periodic Auction is in progress, there will be instances where the Exchange has elected to temporarily bypass[19] the MTP instruction that a User has included on their MTP Order or apply MTP and cancel an inbound MTP Order even though such order would trade with a MTP Order participating in the Periodic Auction originating from the same Unique Identifier. As described below, when a Periodic Auction is in progress, how the System applies MTP will depend on whether the inbound MTP Order is a Continuous Book Order or a Periodic Auction Order. However, as also discussed below, there are instances where the proposed MTP changes will not result in the System applying MTP 100% of the time, and indeed, the System may in certain circumstances temporarily

---

[18] The Exchange notes that previous proposals extending the functionality of MTP to other trading scenarios were effective upon filing with the Commission. See Securities and Exchange Act Release No. 53429 (December 3, 2010), 75 FR 76763 (December 9, 2010) (SR-EDGX-2010-18); see also Securities and Exchange Act Release No. 34-96292 (November 10, 20220), 87 FR 68766 (November 16, 2022) (SR-CboeEDGX-2022-048).

[19] Functionally, temporarily bypassing an MTP instruction that a User has included on their MTP Order represents scenarios where the System will choose to momentarily ignore an MTP instruction only when the Periodic Auction is in progress. Generally, the System will ignore an MTP Order's MTP instruction when a Periodic Auction is in progress, and application of the MTP instruction would disrupt the Periodic Auction (i.e., applying MTP would cancel an order participating in the Periodic Auction), and where applying the MTP instruction would result in the cancellation of a Continuous Book order that may or may not participate in the Periodic Auction, but while the Periodic Auction is in progress, could receive an execution on the Continuous Book. Notably, once the Periodic Auction Period has completed – i.e., the Periodic Auction has been completed – an order's MTP instructions will once again persist on that order.

bypass (discussed *infra*) a User's MTP instructions. While the proposed MTP design is not without limitations, it does not improve upon the current rule text and System behavior, which do not currently permit MTP to be used for Periodic Auction Orders. Importantly, Users are aware of the limitations discussed below, and still believe that the proposal, even with its limitations, is a valuable tool for managing their regulatory risk and encouraging their use of Periodic Auctions.

The Exchange also notes that the proposed MTP functionality is intended as a supplementary risk tool that Members may voluntarily use to help them manage their risk and compliance with applicable securities rules. As registered broker-dealers, Members are ultimately responsible for compliance with applicable securities rules and should not rely on the proposed functionality as a sole means of compliance. As such, while the proposed MTP functionality will, in some instances, operate differently than it does outside of the context of Periodic Auctions, its design as a *supplementary* risk tool will still benefit Members that choose to utilize this tool.

First, proposed Rule 11.25(g)(1)(A) would state that if an Inbound MTP Continuous Book Order is marketable against a contra-side Resting MTP Periodic Auction Order participating in the Periodic Auction, the System will ignore the Inbound Continuous Book Order's MTP instruction with regards to the Resting MTP Periodic Auction Order both upon entry as well as at the end of the Periodic Auction Period, and the Inbound MTP Continuous Book Order will be handled as set forth in Rule 11.25(a)-(e). For the sake of clarity, the end of the Periodic Auction Period refers to an active part of the Periodic Auction and describes the time period when the Periodic Auction Book Pricehas been struck, and the System has identified which orders are executable at the Periodic

Auction Price. Additionally, the Exchange notes that the temporary bypassing of MTP the inbound MTP Continuous Book Order is due to the fact that upon entry the Inbound Continuous Book Order could receive an execution on the Continuous Book while the Periodic Auction is in progress. As such, rather than immediately cancel – depending on the relevant MTP instruction – either the inbound MTP Continuous Book Order that could execute on the Continuous Book while the Periodic Auction process is in progress, or the Periodic Auction Order participating in the Periodic Auction, the Exchange has elected to temporarily bypass the application of the Inbound Continuous Book Order's MTP instruction versus the Resting MTP Periodic Auction Order.[20] Furthermore, it is only at the end of the Periodic Auction Period where the Periodic Auction Book Pricehas been struck, and the System deems the inbound MTP Continuous Book Order executable at the Periodic Auction Price, that the inbound MTP Continuous Book Order may or may not end up participating in the Periodic Auction. In this regard, the Exchange believes that cancelling the Inbound MTP Continuous Book order based on the fact that it *might* trade with the MTP Periodic Auction Order at the end of the Periodic Auction Period, is overly restrictive and could deny the User an execution they might receive on the Continuous Book while the Periodic Auction is in progress, or result in the cancelation of the resting Periodic Auction Order, thereby disrupting the completion of the Periodic Auction. To illustrate the functionality as described in proposed Rule 11.25(g)(1)(A), consider the following example:

---

[20] The temporary bypassing of MTP instructions would not apply where, upon entry of the inbound MTP Continuous Book Order there was also a resting MTP Continuous Book Order. In that scenario, based on the MTP instructions, either the inbound MTP Continuous Book Order or the resting MTP Continuous Book Order, would cancel.

Example 1

- *Order 1 – Firm A: PAE Order (MTP = Cancel Oldest),*[21] *Buy 1000 @ 10.02*
- *Order 2 – Firm B: PAE Order (MTP = Cancel Oldest), Sell 500, @ 10.02*
- *Action: Order 2 initiates an auction with Order 1, because Firm A and Firm B are different entities.*
- *Order 3 – Inbound order (Firm A): Continuous Book Order (MTP = Cancel Oldest), Sell 200 @ 10.02*
- *Action: MTP modifier on Order 3 is temporarily bypassed*
- *Result: Order 3 posts to the BYX Book prior to the end of the auction; Order 1 and Order 2 trade in the Periodic Auction for 500 @ 10.02; Order 3 then trades 200 @ 10.02 with Order 1 (bypassing MTP).*

Example 1 demonstrates how the System will temporarily bypass an inbound Continuous Book Order's MTP instruction when a Periodic Auction is in progress, despite the User adding MTP instructions to their Periodic Auction Order(s) and Continuous Book Order(s). Here, Firm B's Order 2, a PAE Order with an MCO modifier, initiates a Periodic Auction upon entry with Firm A's Order 1, a resting PAE Order with an MCO modifier. Firm A subsequently enters a Continuous Book Order (Hidden) with an MCO modifier. Here, the Exchange will temporarily bypass[22] the inbound Continuous Book Order's (i.e., Order 3) MTP modifier versus the resting MTP

---

21 An incoming order marked with the MTP Cancel Oldest ("MCO") modifier will not execute against opposite side resting interest marked with any MTP modifier originating from the same Unique Identifier. The resting order marked with the MTP modifier will be cancelled back to the originating User(s). The incoming order marked with the MCO modifier will remain on the BYX Book. See Rule 11.9(f)(2).

22 The Exchange notes that the bypassing of the Continuous Book Order's MTP modifier in this scenario is *temporary*. Should the Periodic Auction complete and Order 3 does not have the opportunity to trade with Order 1 in the Periodic Auction, then Order 3 would remain posted on the Continuous Book with its MTP modifier and MTP will be enforced.

PAE Order (i.e. Order 1) while the Periodic Auction is in progress, and such Continuous Book Order would post to the Continuous Book, and be eligible to participate in the Periodic Auction (if executable at the Periodic Auction Book Price), or alternatively receive an execution on the Continuous Book while the Periodic Auction is in progress.

Based on the proposed MTP functionality, Order 3 will be posted to the BYX Book, and the System will temporarily bypass Order 3's MTP instruction.[23] Order 1 and Order 2 will trade in the Periodic Auction for 500 shares 10.02. After trading with Order 2, Order 1 still has 500 shares remaining. Order 3 which is executable at the Periodic Auction Price, will now be included in the Periodic Auction, and trade 200 shares with Order 1 @ 10.02, bypassing the MCO modifier assigned by Firm A to its Order 1 and Order 3.

The Exchange believes that temporarily bypassing an MTP modifier in this scenario is necessary to ensure that a Periodic Auction completes once it is initiated. Additionally, bypassing Order 3's MTP instruction is also necessary to avoid disrupting trading in the Continuous Book, because Order 3 could receive an execution on the Continuous Book while the Periodic Auction is in progress. While Order 3 could end up becoming executable at the Periodic Auction Book Priceand trade in the Periodic Auction, the Exchange believes that canceling Order based on the mere *potential* that it could trade in the Periodic Auction unnecessarily prevents a Member from potentially receiving a Continuous Book execution. While the proposed MTP functionality will explicitly and automatically temporarily bypass a Member's MTP modifier in this scenario, the Exchange believes that such behavior appropriately balances the dual goals

---

[23] Id.

of ensuring that Periodic Auctions operate as designed (i.e., once initiated they will complete, executing the maximum number of shares), and still provides Members the ability to utilize MTP for their Periodic Auction Orders in majority of trading scenarios.

Second, proposed Rule 11.25(g)(1)(B) would state that if an Inbound MTP Periodic Auction upon entry would, but for the application of MTP, join the Periodic Auction, and there is a Resting MTP Continuous Book Order on the BYX Book, then the System will not apply MTP even if the Resting MTP Continuous Book Order becomes marketable versus the Inbound MTP Periodic Auction Order and participates in the Periodic Auction. The Inbound MTP Periodic Auction Order will be handled as set forth in Rule 11.25(a)-(e). Here, the Exchange believes that the temporarily bypassing MTP is warranted because the inbound MTP Periodic Auction Only Order may or may not end up trading with the MTP Continuous Book order at the end of the Periodic Auction Period.[24] Specifically, based on feedback from its Users, the Exchange believes that canceling the resting MTP Continuous Book Order in this scenario would be overly restrictive, and based only on a mere *possibility* that the MTP Periodic Auction Only Order *might* trade with the resting MTP Continuous Book Order.

Moreover, depending on the relevant MTP instructions, application of MTP could also result in the cancelation of the Inbound MTP Periodic Auction Order. However, the Exchange believes that canceling the Inbound MTP Periodic Auction Order would unnecessarily prevent a marketable order from participating in the Periodic Auction as a

---

[24] Again, for the sake of clarity, end of the Periodic Auction Period. refers to an active part of the Periodic Auction, and describes the time period when the Periodic Auction Book Price has been struck, and the System has identified which orders are executable at the Periodic Auction Book Price.

User might expect, based only a mere *possibility* that the MTP Periodic Auction Only Order *might* trade with the resting MTP Continuous Book Order at the end of the Periodic Auction Period.[25] To illustrate the proposed functionality in Rule 11.25(g)(1)(B), consider the following example:

Example 2

- *NBBO: 10.00 x 10.05*
- *Order X (Firm B): Buy 100 @ 10.03 – Midpoint Peg PAO*[26]
- *Order Y (Firm C): Sell 100 @ 10.02 – Midpoint Peg PAO*
- *Auction is initiated between Order X and Order Y*
- *Order 1 (Firm A): Buy 100 @ 10.03 – Midpoint Peg Continuous Book Order – MTP=Cancel Oldest*
- *Order 4 (Firm A): Sell 100 @ 10.02 – Midpoint Peg PAE – MTP=Cancel Oldest*
- *MTP would be bypassed when Order 4 is entered and Order 4 would join the Periodic Auction in progress.*
- *Result: Order X and Order Y trade 100 @ 10.025 in Periodic Auction. Order 1 and Order Y trade 100 @ 10.025 in Periodic Auction*

---

25 Id.

26 A User may include an instruction on its Periodic Auction Only Orders to peg such orders to either the midpoint of the NBBO ("midpoint peg"), or the same side of the NBBO ("primary peg"). Periodic Auction Only Orders entered with a primary peg instruction can be pegged to the NBB or NBO, or a certain amount above the NBB or below the NBO ("offset"). See Rule 11.25(b)(1)(C).

First, note that a Continuous Book Order cannot initiate a Periodic Auction.[27] Therefore, to initiate a Periodic Auction in this example, assume that two Periodic Auction Orders arrived, from Firm B and Firm C, prior to Order 1 and Order 4 – e.g., Order X (Firm B) and Order Y (Firm C). Further assume that Order X and Order Y are marketable versus each other and initiated a Periodic Auction. Additionally, assume that Order 1, a Continuous Book Order is entered prior to Order 4, and that Order 1 and Order 4 are designated with MTP modifiers originating from the same Unique Identifiers.

Upon entry, Order 4, is marketable versus Order X and Order Y, which are Periodic Auction Orders participating in the Periodic Auction. As such, the System will temporarily bypass Order 4's MTP instruction and Order 4 will join the Periodic Auction, despite the fact that the System *could* determine that Order 1 is executable at the Periodic Auction Book Price and thereby participate in the Periodic Auction, potentially executing against Order 4. Specifically, the System will temporarily bypass[28] Order 1's and Order 4's MTP instruction, and Order 4 will join the Periodic Auction. Order 1 will remain on the Continuous Book. If Order 1 did not execute in the Continuous Book while the Periodic Auction was in progress, then Order 1 could potentially execute with Order 4 in the Periodic Auction, provided that Order 1 has priority as determined by Rule 11.25(f). The bypassing of the MTP modifiers in this scenario occurs only upon entry of Order 4 to

---

27 See Rule 11.25(c), Initiation and Publication of Periodic Auction Information, "A Periodic Auction will be initiated in a security during Regular Trading Hours when one or more Periodic Auction Orders to buy become executable against one or more Periodic Auction Orders to sell pursuant to this Rule 11.25."

28 The Exchange notes that the bypassing of the MTP modifiers in this scenario is *temporary*. Should the Periodic Auction complete and Order 1 does not have the opportunity to trade with Order 4 in the Periodic Auction, then Order 1 would remain posted on the Continuous Book with its MTP modifier and be afforded the protections of MTP.

prevent the cancelation of orders in situations where an immediate execution would not occur.

Here, even though Order 1 and Order 4 both originated from Firm A, and are designated with an MTP modifier, Order 1 is not canceled upon Order 4's arrival because Order 1 is a Continuous Book Order that may or may not end up trading with Order 4 once the Periodic Auction is complete. Because Order 1 could receive an execution on the Continuous Book while the Periodic Auction is in progress, the Exchange temporarily bypasses Order 1's MTP instruction upon Order 4's arrival to prevent Order 1 from forfeiting a Continuous Book execution based on a *possibility* that Order 1 would be executable versus Order 4 at the completion of the Periodic Auction.

Importantly, BYX notes that the bypassing of an inbound order's MTP modifier in proposed rule 11.25(g)(1)(A) and 11.25(g)(1)(B) is *temporary* and occurs only upon entry of the inbound order. At the conclusion of the Periodic Auction Period (i.e., the Periodic Auction has completed and there is no Periodic Auction in progress), the System would again enforce the MTP modifier consistent with Rule 11.9(f) and proposed Rule 11.25(g)(2). While the scenarios described in proposed Rule 11.25(g)(1)(A)-(C) may result in certain executions occurring despite the User's inclusion of an MTP instruction, or the cancelation of their inbound Periodic Auction Order when the Periodic Auction is in progress, the Exchange believes this behavior is necessary and appropriate to help strike a responsible balance between providing Users with an *optional* risk tool and ensuring that Periodic Auctions will complete once initiated. Importantly, in designing this functionality, the Exchange consulted with its Periodic Auction Users, as well as potential new Users, and explained the limitations of MTP for Periodic Auction Orders,

including that in some instances, MTP modifiers may be temporarily bypassed, or that a User's inbound MTP Periodic Auction Order may be canceled because it is marketable versus their MTP Order participating in the Periodic Auction. Despite these noted limitations, Users still believe the proposed MTP functionality to be valuable and a reasonable compromise that is likely to foster their increased use of Periodic Auctions. Should Users find the proposed functionality to be too complex, or not sufficiently restrictive in how it applies MTP, Users are free to decline usage of MTP and instead rely on their own internal risk checks.

Third, proposed Rule 11.25(g)(1)(C) would state that if an Inbound MTP Periodic Auction Order upon entry is, but for the application of MTP, marketable against a contra-side Resting MTP Periodic Auction Order participating in the Periodic Auction, then the Inbound MTP Periodic Auction Order will be canceled. In this scenario, canceling the inbound MTP Periodic Auction Order is preferred to prevent disrupting the Periodic Auction. Moreover, while the Exchange could alternatively choose to ignore MTP in this scenario and allow the inbound MTP Periodic Auction Order join the Periodic Auction, the Exchange believes its preferred approach strikes a reasonable balance between disrupting the Periodic Auction once it is in progress and bypassing a User's MTP instructions. To illustrate the proposed functionality of Rule 11.25(g)(1)(C), consider the following example:

Example 3

- *Order 1 – Resting (Firm B): PAO Order, Buy 100 @ 1.00*

- *Order 2 – Inbound Order (Firm A): PAE Order (MTP = Cancel Both),*[29] *Sell 200 @ 1.00*
- *Action: Order 2 initiates a Periodic Auction with Order 1*
- *Order 3 – Inbound order (Firm A): PAE Order (MTP = Cancel Both), Buy 200 @ 1.00*
- *Result: Order 3 is canceled in order to minimize disruption of the Periodic Auction*

Example 3 represents proposed rule 11.25(g)(1)(C), and illustrates System behavior where a Periodic Auction is in progress, and an inbound Periodic Auction Order is designated with an MTP modifier, and such order matches against a resting contra-side Periodic Auction Order that is participating in the Periodic Auction originating from the same Unique Identifier that is also designated with an MTP modifier. In this scenario, the inbound Periodic Auction Order will be cancelled. Importantly, this behavior is necessary to help ensure that once a Periodic Auction is initiated it will be completed

Here, Firm A's inbound Order 2, a PAE Order to sell 200 @ 1.00, with a MTP modifier of MTP MCB immediately starts an auction with Firm B's Order 1, a resting PAO Order to Buy 100 @ 1.00, that is participating in the Periodic Auction. While the Periodic Auction is in progress, Firm A enters Order 3, a PAE Order to Buy 200 @ 1.00 with an MCB instruction. Applying this proposed behavior to Example 3's fact pattern, when Firm A's Order 3, a PAE Order with an MCB modifier is entered after Periodic

[29] An incoming order marked with the MTP Cancel Both ("MCB") modifier will not execute against opposite side resting interest marked with any MTP modifier originating from the same Unique Identifier. The entire size of both orders will be cancelled back to the originating User(s)See Rule 11.9(f)(4).

Auction has been initiated and Order 3 subsequently matches with Firm A's Order 2 (a PAE Order with a MCB modifier), Order 3 will be cancelled. Without this proposed behavior, Order 3 would otherwise be included in the Periodic Auction, and its MTP Cancel Both[30] instruction would result in the cancelation of Order 2, preventing the Periodic Auction from completing, and denying Firm A an execution it would otherwise have expected to receive. The Exchange believes that this proposed behavior appropriately balances the dual goals of ensuring that Periodic Auctions complete once initiated and providing Users the ability to utilize MTP for their Periodic Auction Orders in each of the scenarios described in the preceding examples.

Proposed Rule 11.25(g)(1)(D) would state that when a Periodic Auction is in progress, the System will ignore a Minimum Quantity instruction appended to a MTP Periodic Auction Order or MTP Continuous Book Order and will apply MTP as described in 11.25(g)(1)(A)-(C). Provided, however, when the Periodic Auction has completed (i.e. there is no longer a Periodic Auction in progress), Minimum Quantity Orders will execute in accordance with Rule 11.25(b)(2)(C). the System will again honor an order's Minimum Quantity instructions, and such orders will not execute against contra-side interest unless the minimum execution size is satisfied. The Exchange notes it has designed the proposed MTP and Minimum Quantity Order functionality in this manner because of the current design of the Exchange's Systems. Generally speaking, based on existing System architecture, when a Periodic Auction is in progress and an inbound MTP Periodic Auction Order or inbound MTP Continuous Book Order is appended with a Minimum Quantity instruction, the System must perform a hypothetical

[30] See Rule 11.9(f)(4).

scan of the Periodic Auction Book to determine which order(s) can satisfy the inbound order's Minimum Quantity instruction. When this hypothetical scan is conducted, though, there may be instances where an order's Minimum Quantity requirement could be satisfied while the Periodic Auction is in progress, but when the Periodic Auction Period has ended – i.e., when the Periodic Auction Book Price has been struck, and the System has determined which orders are executable at that price – the composition of orders in the Periodic Auction Book is likely to differ and the Minimum Quantity order may no longer be capable of being filled despite being pulled into the Periodic Auction. As such, the Exchange believes that ignoring a User's Minimum Quantity instructions on their MTP Order when a Periodic Auction is in progress strikes an appropriate balance between providing User's a tool to prevent undesirable wash trades and ensuring that MTP Orders with Minimum Quantity instructions do not negatively impact the Periodic Auction process.

Additionally, proposed Rule 11.25(g)(1)(D) will provide that when a Periodic Auction is in progress, the System will ignore a Minimum Quantity instruction appended to a MTP Periodic Auction Order or MTP Continuous Book Order and will apply MTP. However, when the Periodic Auction has been completed, Minimum Quantity Orders will be executed in accordance with Rule 11.25(b)(2)(C). To illustrate the behavior of proposed Rule 11.25(g)(1)(D), consider the following example:

Example 4

- *Order 1 (Firm A): Buy 1000 @ 10.02 – PAE – Min Quantity = 500 (MTP = any)*
- *Order 2 (Firm A): Sell 1000 @ 10.02 – PAE (MTP = Cancel Oldest)*
- *Result: The System applies MTP, and cancels Order 1*

Example 4 demonstrates that when a Periodic Auction is in progress the System will ignore the Minimum Quantity instruction on a Periodic Auction Order that is also designated with an MTP modifier. Here, even though the Minium Quantity for Order 1 can be satisfied by Order 2, the System will apply MTP resulting in the cancelation of Order 1. Note that for the purposes of this proposed behavior, it does not matter whether an order's Minimum Quantity instruction could be satisfied. As such, even if Order 1's Minimum Quantity instruction was not satisfied, the result would be the same; i.e., the System would apply MTP and cancel Order 1.

Finally, proposed Rule 11.25(g)(2) addresses how the System will handle inbound MTP Periodic Auction Orders when a Periodic Auction is *not* in progress. Specifically, the Exchange proposes that when a Periodic Auction is not in progress, the System will apply MTP as described in Rule 11.9(f), upon receipt of an Inbound MTP Periodic Auction Order. The MTP modifiers appended to the orders will determine whether the System cancels the inbound order or the resting order. Further if in addition to MTP, an Inbound Periodic Auction Order also includes a Minimum Quantity instruction, the System will ignore the Inbound Periodic Auction Order's Minimum Quantity instruction and instead apply MTP. In this scenario, the System will ignore the Inbound MTP Periodic Auction Order's Minimum Quantity instruction because the System first applies an order's Minimum Quantity instruction when an order includes both Minimum Quantity and MTP. However, when the System first applies the Inbound MTP Periodic Auction Order's Minimum Quantity instruction, and the Inbound MTP Periodic Auction Order's Minimum Quantity is not satisfied by other orders, the Inbound MTP Periodic Auction Order will not be executable. As such, the System will not need to consider the application of MTP as

there is no execution to prevent. In such event, both the Inbound MTP Periodic Auction Order and any resting orders originating from the same Unique Identifier could then be included in the Periodic Auction. However, if additional orders join the Periodic Auction and satisfy the Inbound MTP Periodic Auction Order's Minimum Quantity instruction, then such order could become executable. This may, in turn, result in wash sales, because once the Periodic Auction is in progress the System will ignore MTP (as described further above). Accordingly, the Exchange believes that ignoring Minimum Quantity on an Inbound MTP Periodic Auction Order is reasonable in that such proposal is designed to help User's manage their risk and prevent undesirable wash sales.

(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.[31] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[32] 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

---

31 15 U.S.C. 78f(b).

32 15 U.S.C. 78f(b)(5).

the Section 6(b)(5)[33] 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 that its proposed MTP functionality is designed to promote the just and equitable principles of trade, and to protect investors and the public interest, by enabling Users to better prevent undesirable trading activity such as wash sales or self-trades for not only their Continuous Book Orders, but their Periodic Auction Orders as well. Additionally, by providing Users with a supplemental risk tool that will better enable them to achieve compliance with applicable securities rules and regulations, the proposed rule change will help to further ensure that orders eligible for execution in the Periodic Auction indeed represent genuine trading interest from separate and distinct firms. While the proposed MTP functionality would not operate identically to MTP as it is used in non-Periodic Auction scenarios, the Exchange believes that its proposal strikes an appropriate balance between ensuring Users receive executions in the Periodic Auction and providing Users' the ability to utilize MTP in most trading situations involving Periodic Auctions. Moreover, the Exchange notes that the use of MTP on Periodic Auction Orders is entirely optional, and Users may choose whether they want to utilize MTP. The Exchange conferred with its Periodic Auction Users and despite the limitations described in Rule 11.25(g)(1)(A)-(D), Users still requested that the Exchange implement the proposed functionality. Moreover, the Exchange will issue an Exchange Notice that notifies all Users of the planned implementation date for the proposed MTP functionality and describes the functionality.

---

[33] Id.

Accordingly, Users will be fully aware of how MTP will impact their Periodic Auction Orders.

Furthermore, by making clear to Users how MTP will be managed by the System when the Periodic Auction is in progress, Users will be able to anticipate how MTP modifiers will interact with their Periodic Auction Orders and mitigate any confusion that Users may have in using the proposed functionality. In particular, proposed Rule 11.25(g)(1)(A)-(D) identifies the discrete scenarios where the application of MTP is temporarily bypassed by the System so as to not interrupt the Periodic Auction that is in progress, as well as to avoid canceling MTP Continuous Book Orders and denying them an opportunity to execute on the Continuous Book while the Periodic Auction is in progress. By highlighting these four scenarios, Users will have a more concrete understanding of when and how they can expect MTP to provide them with wash sale protection, thereby better informing their trading decisions.

Furthermore, by making clear how the Exchange will ignore Minimum Quantity instructions appended to MTP Orders when a Periodic Auction is in progress, Users will be better informed as to how MTP operates in conjunction with Minimum Quantity restrictions and will be better able to manage their Periodic Auction Orders. The Exchange notes that while ignoring a User's Minimum Quantity instruction for their MTP Periodic Auction Orders is not ideal, this functionality is necessary in order to avoid adding unnecessary complexity to the Exchange's System. As discussed further above, by incorporating Minimum Quantity into the Periodic Auction process it is likely to add latency to this process, leading to longer Periodic Auction times. Rather than impacting Users' Periodic Auction experience, the Exchange has elected to incorporate User

feedback and instead choose, in the limited circumstance of when a Periodic Auction is in progress, ignored Minimum Quantity instructions appended to MTP Periodic Auction Orders. The Exchange further notes that while ignoring a User's Minimum Quantity instruction for their MTP Periodic Auction Orders while the Periodic Auction is in progress is not ideal, this functionality is necessary in order to avoid adding unnecessary complexity to the Exchange's System. As discussed further above, by incorporating Minimum Quantity into the Periodic Auction process it is likely to add latency to this process, leading to longer Periodic Auction times. Rather than impacting Users' Periodic Auction experience, the Exchange has elected to incorporate User feedback and instead choose, in the limited circumstance of when a Periodic Auction is in progress, ignored Minimum Quantity instructions appended to MTP Periodic Auction Orders.

Additionally, by making clear that when a Periodic Auction is *not* in progress that the System will ignore an Inbound MTP Periodic Auction Order's Minimum Quantity instruction, Users will be better informed as to how MTP operates in conjunction with Minimum Quantity restrictions and will be better able to manage their Periodic Auction Orders. As discussed more fully above, when a Periodic Auction is *not* in progress the System will, upon receipt of an Inbound MTP Periodic Auction Order that also includes a Minimum Quantity instruction, apply MTP as described in Rule 11.9(f), and ignore such order's Minimum Quantity instruction. The MTP modifiers appended to the orders will determine whether the System cancels the inbound order or the resting order. The System will ignore the Inbound MTP Periodic Auction Order's Minimum Quantity instruction because by design System first applies an inbound order's Minimum Quantity instruction when an order includes both Minimum Quantity and MTP. However, when the System first

applies the Inbound MTP Periodic Auction Order's Minimum Quantity instruction, and the Inbound MTP Periodic Auction Order's Minimum Quantity is not satisfied by other outstanding orders, the Inbound MTP Periodic Auction Order will not be executable. As such, the System will not need to consider the application of MTP as there is no execution to prevent. In such event, both the Inbound MTP Periodic Auction Order and any resting orders originating from the same Unique Identifier could then be included in the Periodic Auction. However, if additional orders join the Periodic Auction and satisfy the Inbound MTP Periodic Auction Order's Minimum Quantity instruction, then such order could become executable. This may, in turn, result in wash sales, because the System will ignore MTP (as described further above) when the Periodic Auction is in progress. In this regard, the Exchange believes that ignoring Minimum Quantity on an Inbound MTP Periodic Auction Order will promote the just and equitable principles of trade and protect investors and the public interest.

Additionally, the Exchange believes that the proposed rule changes are designed to facilitate transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. Based on User feedback, the lack of MTP functionality for Periodic Auction Orders may discourage Users from entering Periodic Auction Orders because they do not have an automated way to systematically prevent undesirable executions resulting from orders originating from a User's algorithm or trading desk, or their related algorithms or trading desks. In this regard, the proposed rule changes may encourage Users to increase their Periodic Auction participation, thereby further enhancing the Periodic Auction liquidity pool and the ability of investors to execute larger orders that may otherwise be difficult to execute

without market impact in the continuous market. Additionally, because Periodic Auctions are price-forming, the enhanced liquidity pools would indeed augment Periodic Auction's valuable price discovery function, which may be particularly helpful for investors when trading securities that typically trade with wider spreads.

Finally, the Exchange further believes that the proposed rule change does not unfairly discriminate amongst Users because the proposal will allow all Periodic Auction Users to utilize MTP just as all Users entering Continuous Book Orders may utilize MTP today. In this regard, the proposed amendment will avoid disparate treatment of Users. Furthermore, the bypassing or amending of MTP modifiers, as described in the Examples above, will apply equally to all Periodic Auction Users, regardless of the User's size.

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. MTP is an optional risk tool offered by the Exchange and Periodic Auction Users are free to decide whether to use MTP when submitting Periodic Auction Orders to the Exchange. Similarly, the Exchange does not believe that the proposed amendment poses a burden on intermarket competition that is not necessary or appropriate in furtherance of the Act. Indeed, the proposed rule change is designed to increase competition by offering Periodic Auction Users the ability to better manage their order flow and prevent undesirable executions. In turn, Users may be further incentivized to send additional orders to BYX's Periodic Auction mechanism, thereby fostering competition amongst exchanges, as well as with off-exchange venues (e.g., alternative

trading systems) where Users that may otherwise utilized Periodic Auctions, typically seek to source block-sized liquidity.[34]

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 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.[35]

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)

Not applicable.

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.

---

[34] See "Trade Big with Cboe U.S. Periodic Auctions," available at: https://www.cboe.com/us/equities/trading/offerings/periodic_auctions/. ("Cboe created its patented Periodic Auctions to establish an on-exchange alternative to the growth of off-exchange liquidity. Most recently, the use of conditional order types on Alternative Trading Systems (ATSs) has reached new highs as a percentage of ATS volumes. Periodic Auctions would offer a new price forming auction for investors seeking liquidity, including but not limited to block size transactions, during the course of the trading day. These intraday auctions may be a useful tool to attract buyers and sellers in less liquid or wider spread names, and would create an equal and fair market for market participants and investors that wish to either initiate or respond to such auctions. Periodic Auctions will be available on Cboe's BYX™ market center.").

[35] 15 U.S.C. 78s(b)(2).

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-CboeBYX-2025-008]

[Insert date]

Self-Regulatory Organizations; Cboe BYX Exchange, Inc.; Notice of Filing of a Proposed Rule Change to Amend Rule 11.25

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 BYX Exchange, Inc. (the "Exchange" or "BYX") 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 BYX Exchange, Inc. (the "Exchange" or "BYX") Cboe BYX Exchange, Inc. (the "Exchange" or "BYX") proposes to amend Exchange Rule 11.25 to allow (1) Users to utilize the Exchange's Match Trade Prevention ("MTP") functionality when entering Periodic Auction Orders onto the Exchange for execution; (2) add new rule text describing how the System will handle Periodic Auction Orders entered with MTP instructions when a Periodic Auction is *not* in progress; (3) add new rule text describing how the System will handle Periodic Auction Orders entered with MTP instructions when a Periodic Auction is in progress; and (4) add new rule text describing how System will

---

1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

handle inbound Periodic Auction Orders entered with both an MTP instruction and Minimum Quantity instruction, when a Periodic Auction is not in progress. 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://markets.cboe.com/us/equities/regulation/rule_filings/byx/), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

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 Exchange proposes to amend Exchange Rule 11.25 to allow (1) Users to utilize the Exchange's Match Trade Prevention ("MTP")[3] functionality when entering Periodic Auction Orders[4] onto the Exchange for execution; (2) add new rule text describing how the System[5] will handle Periodic Auction Orders entered with MTP

---

3 See Rule 11.9(f).

4 The term "Periodic Auction Order" shall mean a "Periodic Auction Only Order" ("PAO") or "Periodic Auction Eligible Order" ("PAE") as those terms are defined in Rules 11.25(b)(1)-(2), and the term "Periodic Auction Book" shall mean the System's electronic file of such Periodic Auction Orders. See Rule 11.25(a)(6).

5 The term "System" shall mean the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away. See Rule 1.5(aa).

instructions when a Periodic Auction is *not* in progress; (3) add new rule text describing how the System will handle Periodic Auction Orders and Continuous Book Orders[6] entered with MTP instructions when a Periodic Auction is in progress; and (4) add new rule text describing how System will handle Periodic Auction Orders entered with both an MTP instruction and Minimum Quantity[7] instruction, when a Periodic Auction is not in progress.

By way of background, MTP is an existing process[8] through which Users can prevent their incoming orders designated with a MTP modifier from executing against a resting opposite side order also designated with an MTP modifier and originating from the same market participant identifier ("MPID"), Exchange Member identifier, trading group identifier, Exchange Sponsored Participant identifier, affiliate identifier, or Multiple Access identifier (any such identifier, a "Unique Identifier").[9] Both the buy and the sell order must include the same Unique Identifier in order to prevent an execution from occurring and to effect a cancel instruction. MTP is a valuable tool for Exchange Users because it allows them to better manage their order flow to prevent undesirable

---

6 The term "Continuous Book Order" shall mean an order on the BYX Book that is not a Periodic Auction Order, and the term "Continuous Book" shall mean System's electronic file of such Continuous Book Orders. See Rule 11.25(a)(2).

7 Minimum Quantity Order. A limit order to buy or sell that will only execute if a specified minimum quantity of shares can be obtained. See Rule 11.9(c)(5).

8 The Exchange notes that previous proposals extending the functionality of MTP to other trading scenarios were effective upon filing with the Commission. See generally Securities and Exchange Act Release No. 53429 (December 3, 2010), 75 FR 76763 (December 9, 2010) (SR-EDGX-2010-18); Securities and Exchange Act Release No. 34-96292 (November 10, 2022), 87 FR 68766 (November 16, 2022) (SR-CboeEDGX-2022-048).

9 Supra note 3.

trading activity such as wash sales[10] or self-trades[11] that may occur because of the high-speed nature of trading in today's marketplace. MTP is an optional order instruction, and Users are not required to utilize this functionality. Rather, the Exchange offers this optional functionality for Users as a supplementary tool which they may choose to utilize in helping them comply with relevant securities, rules, laws, or regulations.

Periodic Auctions Background

Periodic Auctions are available on BYX during the Regular Trading Session (9:30 a.m. ET to 4:00 p.m. ET). Periodic Auction Orders[12] are non-displayed, and Members may send PAOs[13] or PAEs.[14] PAOs will only execute in a Periodic Auction and are eligible to initiate a Periodic Auction when matched with a contra-side Periodic Auction Order. PAEs are eligible to trade with Continuous Book orders and may also participate

---

10 A "wash sale" is generally defined as a trade involving no change in beneficial ownership that is intended to produce the false appearance of trading and is strictly prohibited under both the federal securities laws and FINRA rules. See, e.g., 15 U.S.C 78i(a)(1); FINRA Rule 6140(b) ("Other Trading Practices").

11 Self-trades are "transactions in a security resulting from the unintentional interaction of orders originating from the same firm that involve no change in beneficial ownership of the security." FINRA requires members to have policies and procedures in place that are reasonably designed to review trading activity for, and prevent, a pattern or practice of self-trades resulting from orders originating from a single algorithm or trading desk, or related algorithms or trading desks. See FINRA Rule 5210, Supplementary Material .02, available at: https://www.finra.org/rules-guidance/rulebooks/finra-rules/5210.

12 Supra note 4.

13 A "Periodic Auction Only Order" ("PAO") is a non-displayed limit order entered with an instruction to participate solely in Periodic Auctions pursuant to this Rule 11.25. Periodic Auction Only Orders are not eligible for execution on the Continuous Book. See Rule 11.25(b)(1).

14 "A 'Periodic Auction Eligible Order' ("PAE") is a non-displayed limit order eligible to trade on the Continuous Book that is entered with an instruction to also initiate a Periodic Auction, if possible…Periodic Auction Eligible Orders will be ranked as Non-Displayed Limit Orders consistent with the priority of order outlined in Rule 11.12(a). An incoming Periodic Auction Eligible Order that is eligible both to trade on the Continuous Book and initiate a Periodic Auction against a Periodic Auction Only Order at the same price will trade immediately with the Continuous Book. Incoming Periodic Auction Eligible Orders will upon entry interact with Continuous Book Orders and other Periodic Auction Eligible Orders according to their rank under Rule 11.12(a). Periodic Auction Eligible Orders will not trade on the Continuous Book during a Periodic Auction Period in the security." See 11.25(b)(2).

in Periodic Auctions. PAEs are eligible to initiate a Periodic Auction when matched with a contra-side Periodic Auction Order. PAEs may also trade immediately upon entry with a resting Continuous Book order instead of initiating a Periodic Auction. PAEs will be locked from trading in the Continuous Book upon initiation of a Periodic Auction. In addition, Continuous Book orders, both displayed and non-displayed (e.g., Midpoint Peg Orders) are not eligible to initiate a Periodic Auction but may be swept into the Periodic Auction at the end of the Periodic Auction Period.[15] A Periodic Auction is initiated when a buy (sell) Periodic Auction Order is eligible to trade with a sell (buy) Periodic Auction Order within the Collar Price Range.[16]

Once a Periodic Auction is initiated, a Periodic Auction message will be generated and disseminated via the Exchange's proprietary depth of book market data feed at a randomized time prior to the end of the auction. All Periodic Auctions will run for a fixed time period of 100 milliseconds (i.e., the Periodic Auction Period). The Periodic Auction Book Price[17] will be the price where most shares will trade within the Collar Price Range.

---

15 The term "Periodic Auction Period" shall mean the fixed time period of 100 milliseconds for conducting a Periodic Auction. Notwithstanding the foregoing, a Periodic Auction initiated pursuant to Rule 11.25(c) will be performed at the end of the Regular Trading Session if the Periodic Auction Period would otherwise end after the Regular Trading Session. See Rule 11.25(a)(8).

16 The term "Collar Price Range" shall mean the more restrictive of the Midpoint Collar Price Range, as defined in Rule 11.25(a)(1), and the Protected NBBO. Notwithstanding the foregoing, if the Collar Price Range calculated by the Exchange would be outside of the applicable Price Bands established pursuant to the Limit Up-Limit Down Plan, the Collar Price Range will be capped at such Price Bands. See Rule 11.25(a)(1).

17 The term "Periodic Auction Book Price" shall mean the price within the Collar Price Range at which the most shares from the Periodic Auction Book would match. In the event of a volume-based tie at multiple price levels, the Periodic Auction Book Price will be the price that results in the minimum total imbalance. In the event of a volume-based tie and a tie in minimum total imbalance at multiple price levels, the Periodic Auction Book Price will be the price closest to the Volume Based Tie Breaker. The Periodic Auction Book Price will be expressed in the minimum increment for the security unless the midpoint of the NBBO establishes the Periodic Auction Book

Periodic Auction Orders and Continuous Book Orders that are executable at the end of the Periodic Auction Period are executed at the Periodic Auction Book Price determined pursuant to Rule 11.25(d), as follow: First, any displayed Continuous Book Orders that are executable at the Periodic Auction Book Price are executed in price/time priority. Second, any Periodic Auction Orders that are executable at the Periodic Auction Book Price are executed in size/time priority, beginning with the largest order. Finally, any non-displayed Continuous Book Orders that are executable at the Periodic Auction Book Price are executed as provided in Rule 11.9(a)(2)(B)

Proposed Rule Change

Currently, Rule 11.25(e) states that all MTP modifiers (as defined in Rule 11.9(f)(1)-(5)) for Periodic Auction Orders will be ignored for executions occurring during a Periodic Auction. As part of the Exchange's prior Periodic Auction Rule filings,[18] the Exchange reasoned that MTP is mainly designed for use on the Continuous Book, and use of MTP for PAE Orders and PAO Orders (collectively, Periodic Auction Orders) may complicate the execution of the Periodic Auction which requires the pooling and matching of multiple orders against other orders at the Periodic Auction Book Price. Based on User feedback, however, Users of Periodic Auctions desire the ability to utilize MTP for their Periodic Auction Orders (when the Periodic Auction is not in progress) to help better manage their order flow and regulatory risk by helping to prevent the execution of wash sales when a User's buy (sell) Periodic Auction Order or Continuous Book order inadvertently executes with its sell (buy) Periodic Auction Order or

Price. See Rule 11.25(a)(5).

[18] See Securities and Exchange Act Release No 34-91423 (March 26, 2021), 86 FR 17230 (April 1, 2021) (SR-CboeBYX-2020-021).

Continuous Book Order. By reducing their risk, Users may, in turn, increase their usage of Periodic Auctions, thereby providing more liquidity, including but not limited to block size transactions, thereby providing the marketplace with alternative to off-exchange venues where a growing percentage of such transactions are executed today.

Accordingly, the Exchange now seeks to allow Users to enter onto the Exchange Periodic Auction Orders with MTP instructions ("MTP Order").[19] Importantly, allowing Users to enter MTP Orders will *not* impact how the Periodic Auction itself is conducted, and the proposed MTP functionality will *not* prevent the completion of a Periodic Auction once it has been initiated.

The Exchange also wishes to add rule text describing how the System will handle MTP Orders when a Periodic Auction is in progress. As proposed, when a Periodic Auction is in progress, there will be instances where the Exchange has elected to temporarily bypass[20] the MTP instruction that a User has included on their MTP Order or apply MTP and cancel an inbound MTP Order even though such order would trade with a MTP Order participating in the Periodic Auction originating from the same Unique Identifier. As described below, when a Periodic Auction is in progress, how the System

---

19 The Exchange notes that previous proposals extending the functionality of MTP to other trading scenarios were effective upon filing with the Commission. See Securities and Exchange Act Release No. 53429 (December 3, 2010), 75 FR 76763 (December 9, 2010) (SR-EDGX-2010-18); see also Securities and Exchange Act Release No. 34-96292 (November 10, 20220), 87 FR 68766 (November 16, 2022) (SR-CboeEDGX-2022-048).

20 Functionally, temporarily bypassing an MTP instruction that a User has included on their MTP Order represents scenarios where the System will choose to momentarily ignore an MTP instruction only when the Periodic Auction is in progress. Generally, the System will ignore an MTP Order's MTP instruction when a Periodic Auction is in progress, and application of the MTP instruction would disrupt the Periodic Auction (i.e., applying MTP would cancel an order participating in the Periodic Auction), and where applying the MTP instruction would result in the cancellation of a Continuous Book order that may or may not participate in the Periodic Auction, but while the Periodic Auction is in progress, could receive an execution on the Continuous Book. Notably, once the Periodic Auction Period has completed – i.e., the Periodic Auction has been completed – an order's MTP instructions will once again persist on that order.

applies MTP will depend on whether the inbound MTP Order is a Continuous Book Order or a Periodic Auction Order. However, as also discussed below, there are instances where the proposed MTP changes will not result in the System applying MTP 100% of the time, and indeed, the System may in certain circumstances temporarily bypass (discussed *infra*) a User's MTP instructions. While the proposed MTP design is not without limitations, it does not improve upon the current rule text and System behavior, which do not currently permit MTP to be used for Periodic Auction Orders. Importantly, Users are aware of the limitations discussed below, and still believe that the proposal, even with its limitations, is a valuable tool for managing their regulatory risk and encouraging their use of Periodic Auctions.

The Exchange also notes that the proposed MTP functionality is intended as a supplementary risk tool that Members may voluntarily use to help them manage their risk and compliance with applicable securities rules. As registered broker-dealers, Members are ultimately responsible for compliance with applicable securities rules and should not rely on the proposed functionality as a sole means of compliance. As such, while the proposed MTP functionality will, in some instances, operate differently than it does outside of the context of Periodic Auctions, its design as a *supplementary* risk tool will still benefit Members that choose to utilize this tool.

First, proposed Rule 11.25(g)(1)(A) would state that if an Inbound MTP Continuous Book Order is marketable against a contra-side Resting MTP Periodic Auction Order participating in the Periodic Auction, the System will ignore the Inbound Continuous Book Order's MTP instruction with regards to the Resting MTP Periodic Auction Order both upon entry as well as at the end of the Periodic Auction Period, and

the Inbound MTP Continuous Book Order will be handled as set forth in Rule 11.25(a)-(e). For the sake of clarity, the end of the Periodic Auction Period refers to an active part of the Periodic Auction and describes the time period when the Periodic Auction Book Pricehas been struck, and the System has identified which orders are executable at the Periodic Auction Price. Additionally, the Exchange notes that the temporary bypassing of MTP the inbound MTP Continuous Book Order is due to the fact that upon entry the Inbound Continuous Book Order could receive an execution on the Continuous Book while the Periodic Auction is in progress. As such, rather than immediately cancel – depending on the relevant MTP instruction – either the inbound MTP Continuous Book Order that could execute on the Continuous Book while the Periodic Auction process is in progress, or the Periodic Auction Order participating in the Periodic Auction, the Exchange has elected to temporarily bypass the application of the Inbound Continuous Book Order's MTP instruction versus the Resting MTP Periodic Auction Order.[21] Furthermore, it is only at the end of the Periodic Auction Period where the Periodic Auction Book Pricehas been struck, and the System deems the inbound MTP Continuous Book Order executable at the Periodic Auction Price, that the inbound MTP Continuous Book Order may or may not end up participating in the Periodic Auction. In this regard, the Exchange believes that cancelling the Inbound MTP Continuous Book order based on the fact that it *might* trade with the MTP Periodic Auction Order at the end of the Periodic Auction Period, is overly restrictive and could deny the User an execution they might receive on the Continuous Book while the Periodic Auction is in progress, or result in the cancelation of

---

[21] The temporary bypassing of MTP instructions would not apply where, upon entry of the inbound MTP Continuous Book Order there was also a resting MTP Continuous Book Order. In that scenario, based on the MTP instructions, either the inbound MTP Continuous Book Order or the resting MTP Continuous Book Order, would cancel.

the resting Periodic Auction Order, thereby disrupting the completion of the Periodic Auction. To illustrate the functionality as described in proposed Rule 11.25(g)(1)(A), consider the following example:

Example 1

- *Order 1 – Firm A: PAE Order (MTP = Cancel Oldest),*[22] *Buy 1000 @ 10.02*
- *Order 2 – Firm B: PAE Order (MTP = Cancel Oldest), Sell 500, @ 10.02*
- *Action: Order 2 initiates an auction with Order 1, because Firm A and Firm B are different entities.*
- *Order 3 – Inbound order (Firm A): Continuous Book Order (MTP = Cancel Oldest), Sell 200 @ 10.02*
- *Action: MTP modifier on Order 3 is temporarily bypassed*
- *Result: Order 3 posts to the BYX Book prior to the end of the auction; Order 1 and Order 2 trade in the Periodic Auction for 500 @ 10.02; Order 3 then trades 200 @ 10.02 with Order 1 (bypassing MTP).*

Example 1 demonstrates how the System will temporarily bypass an inbound Continuous Book Order's MTP instruction when a Periodic Auction is in progress, despite the User adding MTP instructions to their Periodic Auction Order(s) and Continuous Book Order(s). Here, Firm B's Order 2, a PAE Order with an MCO modifier, initiates a Periodic Auction upon entry with Firm A's Order 1, a resting PAE Order with an MCO modifier. Firm A subsequently enters a Continuous Book Order (Hidden) with an MCO modifier. Here, the Exchange will temporarily bypass[23] the

---

22 An incoming order marked with the MTP Cancel Oldest ("MCO") modifier will not execute against opposite side resting interest marked with any MTP modifier originating from the same Unique Identifier. The resting order marked with the MTP modifier will be cancelled back to the originating User(s). The incoming order marked with the MCO modifier will remain on the BYX Book. See Rule 11.9(f)(2).

23 The Exchange notes that the bypassing of the Continuous Book Order's MTP modifier in this

inbound Continuous Book Order's (i.e., Order 3) MTP modifier versus the resting MTP PAE Order (i.e. Order 1) while the Periodic Auction is in progress, and such Continuous Book Order would post to the Continuous Book, and be eligible to participate in the Periodic Auction (if executable at the Periodic Auction Book Price), or alternatively receive an execution on the Continuous Book while the Periodic Auction is in progress.

Based on the proposed MTP functionality, Order 3 will be posted to the BYX Book, and the System will temporarily bypass Order 3's MTP instruction.[24] Order 1 and Order 2 will trade in the Periodic Auction for 500 shares 10.02. After trading with Order 2, Order 1 still has 500 shares remaining. Order 3 which is executable at the Periodic Auction Price, will now be included in the Periodic Auction, and trade 200 shares with Order 1 @ 10.02, bypassing the MCO modifier assigned by Firm A to its Order 1 and Order 3.

The Exchange believes that temporarily bypassing an MTP modifier in this scenario is necessary to ensure that a Periodic Auction completes once it is initiated. Additionally, bypassing Order 3's MTP instruction is also necessary to avoid disrupting trading in the Continuous Book, because Order 3 could receive an execution on the Continuous Book while the Periodic Auction is in progress. While Order 3 could end up becoming executable at the Periodic Auction Book Priceand trade in the Periodic Auction, the Exchange believes that canceling Order based on the mere *potential* that it could trade in the Periodic Auction unnecessarily prevents a Member from potentially

---

scenario is *temporary*. Should the Periodic Auction complete and Order 3 does not have the opportunity to trade with Order 1 in the Periodic Auction, then Order 3 would remain posted on the Continuous Book with its MTP modifier and MTP will be enforced.

24 Id.

receiving a Continuous Book execution. While the proposed MTP functionality will explicitly and automatically temporarily bypass a Member's MTP modifier in this scenario, the Exchange believes that such behavior appropriately balances the dual goals of ensuring that Periodic Auctions operate as designed (i.e., once initiated they will complete, executing the maximum number of shares), and still provides Members the ability to utilize MTP for their Periodic Auction Orders in majority of trading scenarios.

Second, proposed Rule 11.25(g)(1)(B) would state that if an Inbound MTP Periodic Auction upon entry would, but for the application of MTP, join the Periodic Auction, and there is a Resting MTP Continuous Book Order on the BYX Book, then the System will not apply MTP even if the Resting MTP Continuous Book Order becomes marketable versus the Inbound MTP Periodic Auction Order and participates in the Periodic Auction. The Inbound MTP Periodic Auction Order will be handled as set forth in Rule 11.25(a)-(e). Here, the Exchange believes that the temporarily bypassing MTP is warranted because the inbound MTP Periodic Auction Only Order may or may not end up trading with the MTP Continuous Book order at the end of the Periodic Auction Period.[25] Specifically, based on feedback from its Users, the Exchange believes that canceling the resting MTP Continuous Book Order in this scenario would be overly restrictive, and based only on a mere *possibility* that the MTP Periodic Auction Only Order *might* trade with the resting MTP Continuous Book Order.

Moreover, depending on the relevant MTP instructions, application of MTP could also result in the cancelation of the Inbound MTP Periodic Auction Order. However, the

---

[25] Again, for the sake of clarity, end of the Periodic Auction Period. refers to an active part of the Periodic Auction, and describes the time period when the Periodic Auction Book Price has been struck, and the System has identified which orders are executable at the Periodic Auction Book Price.

Exchange believes that canceling the Inbound MTP Periodic Auction Order would unnecessarily prevent a marketable order from participating in the Periodic Auction as a User might expect, based only a mere *possibility* that the MTP Periodic Auction Only Order *might* trade with the resting MTP Continuous Book Order at the end of the Periodic Auction Period.[26] To illustrate the proposed functionality in Rule 11.25(g)(1)(B), consider the following example:

Example 2

- *NBBO: 10.00 x 10.05*
- *Order X (Firm B): Buy 100 @ 10.03 – Midpoint Peg PAO*[27]
- *Order Y (Firm C): Sell 100 @ 10.02 – Midpoint Peg PAO*
- *Auction is initiated between Order X and Order Y*
- *Order 1 (Firm A): Buy 100 @ 10.03 – Midpoint Peg Continuous Book Order – MTP=Cancel Oldest*
- *Order 4 (Firm A): Sell 100 @ 10.02 – Midpoint Peg PAE – MTP=Cancel Oldest*
- *MTP would be bypassed when Order 4 is entered and Order 4 would join the Periodic Auction in progress.*
- *Result: Order X and Order Y trade 100 @ 10.025 in Periodic Auction. Order 1 and Order Y trade 100 @ 10.025 in Periodic Auction*

---

26 Id.

27 A User may include an instruction on its Periodic Auction Only Orders to peg such orders to either the midpoint of the NBBO ("midpoint peg"), or the same side of the NBBO ("primary peg"). Periodic Auction Only Orders entered with a primary peg instruction can be pegged to the NBB or NBO, or a certain amount above the NBB or below the NBO ("offset"). See Rule 11.25(b)(1)(C).

First, note that a Continuous Book Order cannot initiate a Periodic Auction.[28] Therefore, to initiate a Periodic Auction in this example, assume that two Periodic Auction Orders arrived, from Firm B and Firm C, prior to Order 1 and Order 4 – e.g., Order X (Firm B) and Order Y (Firm C). Further assume that Order X and Order Y are marketable versus each other and initiated a Periodic Auction. Additionally, assume that Order 1, a Continuous Book Order is entered prior to Order 4, and that Order 1 and Order 4 are designated with MTP modifiers originating from the same Unique Identifiers.

Upon entry, Order 4, is marketable versus Order X and Order Y, which are Periodic Auction Orders participating in the Periodic Auction. As such, the System will temporarily bypass Order 4's MTP instruction and Order 4 will join the Periodic Auction, despite the fact that the System *could* determine that Order 1 is executable at the Periodic Auction Book Price and thereby participate in the Periodic Auction, potentially executing against Order 4. Specifically, the System will temporarily bypass[29] Order 1's and Order 4's MTP instruction, and Order 4 will join the Periodic Auction. Order 1 will remain on the Continuous Book. If Order 1 did not execute in the Continuous Book while the Periodic Auction was in progress, then Order 1 could potentially execute with Order 4 in the Periodic Auction, provided that Order 1 has priority as determined by Rule 11.25(f). The bypassing of the MTP modifiers in this scenario occurs only upon entry of Order 4 to

---

28 See Rule 11.25(c), Initiation and Publication of Periodic Auction Information, "A Periodic Auction will be initiated in a security during Regular Trading Hours when one or more Periodic Auction Orders to buy become executable against one or more Periodic Auction Orders to sell pursuant to this Rule 11.25."

29 The Exchange notes that the bypassing of the MTP modifiers in this scenario is *temporary*. Should the Periodic Auction complete and Order 1 does not have the opportunity to trade with Order 4 in the Periodic Auction, then Order 1 would remain posted on the Continuous Book with its MTP modifier and be afforded the protections of MTP.

prevent the cancelation of orders in situations where an immediate execution would not occur.

Here, even though Order 1 and Order 4 both originated from Firm A, and are designated with an MTP modifier, Order 1 is not canceled upon Order 4's arrival because Order 1 is a Continuous Book Order that may or may not end up trading with Order 4 once the Periodic Auction is complete. Because Order 1 could receive an execution on the Continuous Book while the Periodic Auction is in progress, the Exchange temporarily bypasses Order 1's MTP instruction upon Order 4's arrival to prevent Order 1 from forfeiting a Continuous Book execution based on a *possibility* that Order 1 would be executable versus Order 4 at the completion of the Periodic Auction.

Importantly, BYX notes that the bypassing of an inbound order's MTP modifier in proposed rule 11.25(g)(1)(A) and 11.25(g)(1)(B) is *temporary* and occurs only upon entry of the inbound order. At the conclusion of the Periodic Auction Period (i.e., the Periodic Auction has completed and there is no Periodic Auction in progress), the System would again enforce the MTP modifier consistent with Rule 11.9(f) and proposed Rule 11.25(g)(2). While the scenarios described in proposed Rule 11.25(g)(1)(A)-(C) may result in certain executions occurring despite the User's inclusion of an MTP instruction, or the cancelation of their inbound Periodic Auction Order when the Periodic Auction is in progress, the Exchange believes this behavior is necessary and appropriate to help strike a responsible balance between providing Users with an *optional* risk tool and ensuring that Periodic Auctions will complete once initiated. Importantly, in designing this functionality, the Exchange consulted with its Periodic Auction Users, as well as potential new Users, and explained the limitations of MTP for Periodic Auction Orders,

including that in some instances, MTP modifiers may be temporarily bypassed, or that a User's inbound MTP Periodic Auction Order may be canceled because it is marketable versus their MTP Order participating in the Periodic Auction. Despite these noted limitations, Users still believe the proposed MTP functionality to be valuable and a reasonable compromise that is likely to foster their increased use of Periodic Auctions. Should Users find the proposed functionality to be too complex, or not sufficiently restrictive in how it applies MTP, Users are free to decline usage of MTP and instead rely on their own internal risk checks.

Third, proposed Rule 11.25(g)(1)(C) would state that if an Inbound MTP Periodic Auction Order upon entry is, but for the application of MTP, marketable against a contra-side Resting MTP Periodic Auction Order participating in the Periodic Auction, then the Inbound MTP Periodic Auction Order will be canceled. In this scenario, canceling the inbound MTP Periodic Auction Order is preferred to prevent disrupting the Periodic Auction. Moreover, while the Exchange could alternatively choose to ignore MTP in this scenario and allow the inbound MTP Periodic Auction Order join the Periodic Auction, the Exchange believes its preferred approach strikes a reasonable balance between disrupting the Periodic Auction once it is in progress and bypassing a User's MTP instructions. To illustrate the proposed functionality of Rule 11.25(g)(1)(C), consider the following example:

Example 3

- *Order 1 – Resting (Firm B): PAO Order, Buy 100 @ 1.00*

- *Order 2 – Inbound Order (Firm A): PAE Order (MTP = Cancel Both),*[30] *Sell 200 @ 1.00*
- *Action: Order 2 initiates a Periodic Auction with Order 1*
- *Order 3 – Inbound order (Firm A): PAE Order (MTP = Cancel Both), Buy 200 @ 1.00*
- *Result: Order 3 is canceled in order to minimize disruption of the Periodic Auction*

Example 3 represents proposed rule 11.25(g)(1)(C), and illustrates System behavior where a Periodic Auction is in progress, and an inbound Periodic Auction Order is designated with an MTP modifier, and such order matches against a resting contra-side Periodic Auction Order that is participating in the Periodic Auction originating from the same Unique Identifier that is also designated with an MTP modifier. In this scenario, the inbound Periodic Auction Order will be cancelled. Importantly, this behavior is necessary to help ensure that once a Periodic Auction is initiated it will be completed

Here, Firm A's inbound Order 2, a PAE Order to sell 200 @ 1.00, with a MTP modifier of MTP MCB immediately starts an auction with Firm B's Order 1, a resting PAO Order to Buy 100 @ 1.00, that is participating in the Periodic Auction. While the Periodic Auction is in progress, Firm A enters Order 3, a PAE Order to Buy 200 @ 1.00 with an MCB instruction. Applying this proposed behavior to Example 3's fact pattern, when Firm A's Order 3, a PAE Order with an MCB modifier is entered after Periodic

---

[30] An incoming order marked with the MTP Cancel Both ("MCB") modifier will not execute against opposite side resting interest marked with any MTP modifier originating from the same Unique Identifier. The entire size of both orders will be cancelled back to the originating User(s)See Rule 11.9(f)(4).

Auction has been initiated and Order 3 subsequently matches with Firm A's Order 2 (a PAE Order with a MCB modifier), Order 3 will be cancelled. Without this proposed behavior, Order 3 would otherwise be included in the Periodic Auction, and its MTP Cancel Both[31] instruction would result in the cancelation of Order 2, preventing the Periodic Auction from completing, and denying Firm A an execution it would otherwise have expected to receive. The Exchange believes that this proposed behavior appropriately balances the dual goals of ensuring that Periodic Auctions complete once initiated and providing Users the ability to utilize MTP for their Periodic Auction Orders in each of the scenarios described in the preceding examples.

Proposed Rule 11.25(g)(1)(D) would state that when a Periodic Auction is in progress, the System will ignore a Minimum Quantity instruction appended to a MTP Periodic Auction Order or MTP Continuous Book Order and will apply MTP as described in 11.25(g)(1)(A)-(C). Provided, however, when the Periodic Auction has completed (i.e. there is no longer a Periodic Auction in progress), Minimum Quantity Orders will execute in accordance with Rule 11.25(b)(2)(C). the System will again honor an order's Minimum Quantity instructions, and such orders will not execute against contra-side interest unless the minimum execution size is satisfied. The Exchange notes it has designed the proposed MTP and Minimum Quantity Order functionality in this manner because of the current design of the Exchange's Systems. Generally speaking, based on existing System architecture, when a Periodic Auction is in progress and an inbound MTP Periodic Auction Order or inbound MTP Continuous Book Order is appended with a Minimum Quantity instruction, the System must perform a hypothetical

---

[31] See Rule 11.9(f)(4).

scan of the Periodic Auction Book to determine which order(s) can satisfy the inbound order's Minimum Quantity instruction. When this hypothetical scan is conducted, though, there may be instances where an order's Minimum Quantity requirement could be satisfied while the Periodic Auction is in progress, but when the Periodic Auction Period has ended – i.e., when the Periodic Auction Book Price has been struck, and the System has determined which orders are executable at that price – the composition of orders in the Periodic Auction Book is likely to differ and the Minimum Quantity order may no longer be capable of being filled despite being pulled into the Periodic Auction. As such, the Exchange believes that ignoring a User's Minimum Quantity instructions on their MTP Order when a Periodic Auction is in progress strikes an appropriate balance between providing User's a tool to prevent undesirable wash trades and ensuring that MTP Orders with Minimum Quantity instructions do not negatively impact the Periodic Auction process.

Additionally, proposed Rule 11.25(g)(1)(D) will provide that when a Periodic Auction is in progress, the System will ignore a Minimum Quantity instruction appended to a MTP Periodic Auction Order or MTP Continuous Book Order and will apply MTP. However, when the Periodic Auction has been completed, Minimum Quantity Orders will be executed in accordance with Rule 11.25(b)(2)(C). To illustrate the behavior of proposed Rule 11.25(g)(1)(D), consider the following example:

Example 4

- *Order 1 (Firm A): Buy 1000 @ 10.02 – PAE – Min Quantity = 500 (MTP = any)*
- *Order 2 (Firm A): Sell 1000 @ 10.02 – PAE (MTP = Cancel Oldest)*
- *Result: The System applies MTP, and cancels Order 1*

Example 4 demonstrates that when a Periodic Auction is in progress the System will ignore the Minimum Quantity instruction on a Periodic Auction Order that is also designated with an MTP modifier. Here, even though the Minium Quantity for Order 1 can be satisfied by Order 2, the System will apply MTP resulting in the cancelation of Order 1. Note that for the purposes of this proposed behavior, it does not matter whether an order's Minimum Quantity instruction could be satisfied. As such, even if Order 1's Minimum Quantity instruction was not satisfied, the result would be the same; i.e., the System would apply MTP and cancel Order 1.

Finally, proposed Rule 11.25(g)(2) addresses how the System will handle inbound MTP Periodic Auction Orders when a Periodic Auction is *not* in progress. Specifically, the Exchange proposes that when a Periodic Auction is not in progress, the System will apply MTP as described in Rule 11.9(f), upon receipt of an Inbound MTP Periodic Auction Order. The MTP modifiers appended to the orders will determine whether the System cancels the inbound order or the resting order. Further if in addition to MTP, an Inbound Periodic Auction Order also includes a Minimum Quantity instruction, the System will ignore the Inbound Periodic Auction Order's Minimum Quantity instruction and instead apply MTP. In this scenario, the System will ignore the Inbound MTP Periodic Auction Order's Minimum Quantity instruction because the System first applies an order's Minimum Quantity instruction when an order includes both Minimum Quantity and MTP. However, when the System first applies the Inbound MTP Periodic Auction Order's Minimum Quantity instruction, and the Inbound MTP Periodic Auction Order's Minimum Quantity is not satisfied by other orders, the Inbound MTP Periodic Auction Order will not be executable. As such, the System will not need to consider the application of MTP as

there is no execution to prevent. In such event, both the Inbound MTP Periodic Auction Order and any resting orders originating from the same Unique Identifier could then be included in the Periodic Auction. However, if additional orders join the Periodic Auction and satisfy the Inbound MTP Periodic Auction Order's Minimum Quantity instruction, then such order could become executable. This may, in turn, result in wash sales, because once the Periodic Auction is in progress the System will ignore MTP (as described further above). Accordingly, the Exchange believes that ignoring Minimum Quantity on an Inbound MTP Periodic Auction Order is reasonable in that such proposal is designed to help User's manage their risk and prevent undesirable wash sales.

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.[32] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[33] 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

32 15 U.S.C. 78f(b).

33 15 U.S.C. 78f(b)(5).

the Section 6(b)(5)[34] 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 that its proposed MTP functionality is designed to promote the just and equitable principles of trade, and to protect investors and the public interest, by enabling Users to better prevent undesirable trading activity such as wash sales or self-trades for not only their Continuous Book Orders, but their Periodic Auction Orders as well. Additionally, by providing Users with a supplemental risk tool that will better enable them to achieve compliance with applicable securities rules and regulations, the proposed rule change will help to further ensure that orders eligible for execution in the Periodic Auction indeed represent genuine trading interest from separate and distinct firms. While the proposed MTP functionality would not operate identically to MTP as it is used in non-Periodic Auction scenarios, the Exchange believes that its proposal strikes an appropriate balance between ensuring Users receive executions in the Periodic Auction and providing Users' the ability to utilize MTP in most trading situations involving Periodic Auctions. Moreover, the Exchange notes that the use of MTP on Periodic Auction Orders is entirely optional, and Users may choose whether they want to utilize MTP. The Exchange conferred with its Periodic Auction Users and despite the limitations described in Rule 11.25(g)(1)(A)-(D), Users still requested that the Exchange implement the proposed functionality. Moreover, the Exchange will issue an Exchange Notice that notifies all Users of the planned implementation date for the proposed MTP functionality and describes the functionality.

---

34 Id.

Accordingly, Users will be fully aware of how MTP will impact their Periodic Auction Orders.

Furthermore, by making clear to Users how MTP will be managed by the System when the Periodic Auction is in progress, Users will be able to anticipate how MTP modifiers will interact with their Periodic Auction Orders and mitigate any confusion that Users may have in using the proposed functionality. In particular, proposed Rule 11.25(g)(1)(A)-(D) identifies the discrete scenarios where the application of MTP is temporarily bypassed by the System so as to not interrupt the Periodic Auction that is in progress, as well as to avoid canceling MTP Continuous Book Orders and denying them an opportunity to execute on the Continuous Book while the Periodic Auction is in progress. By highlighting these four scenarios, Users will have a more concrete understanding of when and how they can expect MTP to provide them with wash sale protection, thereby better informing their trading decisions.

Furthermore, by making clear how the Exchange will ignore Minimum Quantity instructions appended to MTP Orders when a Periodic Auction is in progress, Users will be better informed as to how MTP operates in conjunction with Minimum Quantity restrictions and will be better able to manage their Periodic Auction Orders. The Exchange notes that while ignoring a User's Minimum Quantity instruction for their MTP Periodic Auction Orders is not ideal, this functionality is necessary in order to avoid adding unnecessary complexity to the Exchange's System. As discussed further above, by incorporating Minimum Quantity into the Periodic Auction process it is likely to add latency to this process, leading to longer Periodic Auction times. Rather than impacting Users' Periodic Auction experience, the Exchange has elected to incorporate User

feedback and instead choose, in the limited circumstance of when a Periodic Auction is in progress, ignored Minimum Quantity instructions appended to MTP Periodic Auction Orders. The Exchange further notes that while ignoring a User's Minimum Quantity instruction for their MTP Periodic Auction Orders while the Periodic Auction is in progress is not ideal, this functionality is necessary in order to avoid adding unnecessary complexity to the Exchange's System. As discussed further above, by incorporating Minimum Quantity into the Periodic Auction process it is likely to add latency to this process, leading to longer Periodic Auction times. Rather than impacting Users' Periodic Auction experience, the Exchange has elected to incorporate User feedback and instead choose, in the limited circumstance of when a Periodic Auction is in progress, ignored Minimum Quantity instructions appended to MTP Periodic Auction Orders.

Additionally, by making clear that when a Periodic Auction is *not* in progress that the System will ignore an Inbound MTP Periodic Auction Order's Minimum Quantity instruction, Users will be better informed as to how MTP operates in conjunction with Minimum Quantity restrictions and will be better able to manage their Periodic Auction Orders. As discussed more fully above, when a Periodic Auction is *not* in progress the System will, upon receipt of an Inbound MTP Periodic Auction Order that also includes a Minimum Quantity instruction, apply MTP as described in Rule 11.9(f), and ignore such order's Minimum Quantity instruction. The MTP modifiers appended to the orders will determine whether the System cancels the inbound order or the resting order. The System will ignore the Inbound MTP Periodic Auction Order's Minimum Quantity instruction because by design System first applies an inbound order's Minimum Quantity instruction when an order includes both Minimum Quantity and MTP. However, when the System first

applies the Inbound MTP Periodic Auction Order's Minimum Quantity instruction, and the Inbound MTP Periodic Auction Order's Minimum Quantity is not satisfied by other outstanding orders, the Inbound MTP Periodic Auction Order will not be executable. As such, the System will not need to consider the application of MTP as there is no execution to prevent. In such event, both the Inbound MTP Periodic Auction Order and any resting orders originating from the same Unique Identifier could then be included in the Periodic Auction. However, if additional orders join the Periodic Auction and satisfy the Inbound MTP Periodic Auction Order's Minimum Quantity instruction, then such order could become executable. This may, in turn, result in wash sales, because the System will ignore MTP (as described further above) when the Periodic Auction is in progress. In this regard, the Exchange believes that ignoring Minimum Quantity on an Inbound MTP Periodic Auction Order will promote the just and equitable principles of trade and protect investors and the public interest.

Additionally, the Exchange believes that the proposed rule changes are designed to facilitate transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. Based on User feedback, the lack of MTP functionality for Periodic Auction Orders may discourage Users from entering Periodic Auction Orders because they do not have an automated way to systematically prevent undesirable executions resulting from orders originating from a User's algorithm or trading desk, or their related algorithms or trading desks. In this regard, the proposed rule changes may encourage Users to increase their Periodic Auction participation, thereby further enhancing the Periodic Auction liquidity pool and the ability of investors to execute larger orders that may otherwise be difficult to execute

without market impact in the continuous market. Additionally, because Periodic Auctions are price-forming, the enhanced liquidity pools would indeed augment Periodic Auction's valuable price discovery function, which may be particularly helpful for investors when trading securities that typically trade with wider spreads.

Finally, the Exchange further believes that the proposed rule change does not unfairly discriminate amongst Users because the proposal will allow all Periodic Auction Users to utilize MTP just as all Users entering Continuous Book Orders may utilize MTP today. In this regard, the proposed amendment will avoid disparate treatment of Users. Furthermore, the bypassing or amending of MTP modifiers, as described in the Examples above, will apply equally to all Periodic Auction Users, regardless of the User's size.

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. MTP is an optional risk tool offered by the Exchange and Periodic Auction Users are free to decide whether to use MTP when submitting Periodic Auction Orders to the Exchange. Similarly, the Exchange does not believe that the proposed amendment poses a burden on intermarket competition that is not necessary or appropriate in furtherance of the Act. Indeed, the proposed rule change is designed to increase competition by offering Periodic Auction Users the ability to better manage their order flow and prevent undesirable executions. In turn, Users may be further incentivized to send additional orders to BYX's Periodic Auction mechanism, thereby fostering competition amongst exchanges, as well as with off-exchange venues (e.g., alternative

trading systems) where Users that may otherwise utilized Periodic Auctions, typically seek to source block-sized liquidity.[35]

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 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:

---

[35] See "Trade Big with Cboe U.S. Periodic Auctions," available at: https://www.cboe.com/us/equities/trading/offerings/periodic_auctions/. ("Cboe created its patented Periodic Auctions to establish an on-exchange alternative to the growth of off-exchange liquidity. Most recently, the use of conditional order types on Alternative Trading Systems (ATSs) has reached new highs as a percentage of ATS volumes. Periodic Auctions would offer a new price forming auction for investors seeking liquidity, including but not limited to block size transactions, during the course of the trading day. These intraday auctions may be a useful tool to attract buyers and sellers in less liquid or wider spread names, and would create an equal and fair market for market participants and investors that wish to either initiate or respond to such auctions. Periodic Auctions will be available on Cboe's BYX™ market center.").

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-CboeBYX-2025-008 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-CboeBYX-2025-008. 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-CboeBYX-2025-008 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.[36]

Sherry R. Haywood,

Assistant Secretary.

[36] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

* * * * *

Rules of Cboe BYX Exchange, Inc.

* * * * *

Rule 11.25. Periodic Auctions

(a) – (d) (No change.)

(e) *Priority and Execution of Orders*. Periodic Auction Orders and Continuous Book Orders that are executable at the end of the Periodic Auction Period are executed at the Periodic Auction Price determined pursuant to Rule 11.25(d), as follows: First, any displayed Continuous Book Orders that are executable at the Periodic Auction Price are executed in price/time priority. Second, any Periodic Auction Orders that are executable at the Periodic Auction Price are executed in size/time priority, beginning with the largest order. Finally, any non-displayed Continuous Book Orders that are executable at the Periodic Auction Price are executed as provided in Rule 11.9(a)(2)(B). [All Match Trade Prevention modifiers, as defined in Rule 11.9(f), will be ignored as it relates to executions occurring during a Periodic Auction.]

(f) (No change.)

(g) *Match Trade Prevention*. Users may choose to enter a Periodic Auction Order with a Match Trade Prevention (MTP) modifier (as defined in Rule 11.9(f)(1)-(5)). The System's application of MTP will depend on whether a Periodic Auction is in progress. For the purposes of Periodic Auctions, an Inbound MTP Order is an incoming order designated with an MTP modifier, and a Resting MTP Order is a resting contra-side order designated with an MTP modifier.

(1) *Periodic Auction is in Progress*. When a Periodic Auction is in progress, the application of MTP will depend on whether the Inbound MTP Order is an Inbound MTP Continuous Book Order or an Inbound MTP Periodic Auction Order:

(A) If an Inbound MTP Continuous Book Order is marketable against a contra-side Resting MTP Periodic Auction Order participating in the Periodic Auction, the System will ignore the Inbound Continuous Book Order's MTP instruction with regards to the Resting MTP Periodic Auction Order both upon entry as well as at the end of the Periodic Auction Period, and the Inbound MTP Periodic Auction Order will be handled as set forth in Rule 11.25(a)-(e).

(B) If an Inbound MTP Periodic Auction Order upon entry would, but for the application of MTP, join the Periodic Auction, and there is a Resting MTP Continuous Book Order on the BYX Book, then the System will not apply MTP even if the Resting MTP Continuous Book Order becomes marketable versus the Inbound MTP

Periodic Auction Order and participates in the Periodic Auction. The Inbound MTP Periodic Auction Order will be handled as set forth in Rule 11.25(a)-(e).

(C) If an Inbound MTP Periodic Auction Order upon entry is, but for the application of MTP, marketable against a contra-side Resting MTP Periodic Auction Order participating in the Periodic Auction, then the Inbound MTP Periodic Auction Order will be canceled.

(D) When a Periodic Auction is in progress, the System will ignore a Minimum Quantity instruction appended to a MTP Periodic Auction Order or MTP Continuous Book Order and will apply MTP as described in 11.25(g)(1)(A)-(C) above. Provided, however, when the Periodic Auction has completed, Minimum Quantity Orders will be executed in accordance with Rule 11.25(b)(2)(C).

(2) *Periodic Auction is not in Progress*. When a Periodic Auction is not in progress, the System will apply MTP as described in Rule 11.9(f), upon receipt of an Inbound MTP Periodic Auction Order. The MTP modifiers appended to the order will determine whether the System cancels the inbound order or a resting order. If, in addition to MTP, a Minimum Quantity instruction is appended to the Inbound MTP Periodic Auction Order, such instruction will be ignored whenever MTP is applied.

* * * * *