

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-102729; File No. SR-CboeEDGX-2025-025]

Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend its Fee Schedule to Modify Logical Port Fees

March 25, 2025.

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 March 14, 2025, Cboe EDGX Exchange, Inc. (the “Exchange” or “EDGX Options”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Cboe EDGX Exchange, Inc. (the “Exchange” or “EDGX Options”) proposes to amend its Fee Schedule to modify logical port fees. 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/options/regulation/rule_filings/edgx/), 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 its fee schedule for its equity options platform (“EDGX Options”) relating to logical connectivity fees.³

By way of background, the Exchange offers a variety of logical ports, which provide users with the ability within the Exchange’s System to accomplish a specific function through a connection, such as order entry, data receipt or access to information. The Exchange currently assesses, among other things, the following logical port connectivity fees on a monthly basis: \$500 per port for Logical Ports⁴; \$500 per port for Multicast PITCH Spin Server Ports (“Spin Ports”) and GRP Ports⁵; and \$600 per port for Ports with Bulk Quoting Capabilities⁶ (“Bulk Ports”). The Exchange proposes to increase the monthly fees for the forgoing ports to the following rates: \$750 per port for Logical Ports, Spin Ports and GRP Ports and \$1,000 per port for Bulk Ports. The Exchange notes the proposed fee change better enables it to continue to

³ The Exchange initially filed the proposed fee change on January 2, 2024 (SR-CboeEDGX-2024-006). On March 1, 2024, the Exchange withdrew that filing and submitted SR-CboeEDGX-2024-017. On April 30, 2024, the Exchange withdrew that filing and submitted SR-CboeEDGX-2024-023. On June 28, 2024, the Exchange withdrew that filing and submitted SR-CboeEDGX-2024-040. On August 26, 2024, the Exchange withdrew that filing and submitted SR-CboeEDGX-2024-055. On October 23, 2024, the Exchange withdrew that filing and submitted SR-CboeEDGX-2024-070. On December 17, 2024, the Exchange withdrew that filing and submitted SR-CboeEDGX-2024-084. On December 30, 2024, the Exchange withdrew that filing and submitted SR-CboeEDGX-2024-089. On February 28, 2025, the Exchange withdrew that filing and submitted SR-CboeEDGX-2025-016. On March 14, 2025, the Exchange withdrew that filing and submitted this filing.

⁴ Logical Ports include FIX and BOE ports (used for order entry), drop logical port (which grants users the ability to receive and/or send drop copies) and ports that are used for receipt of certain market data feeds.

⁵ Spin Ports and GRP Ports are used to request and receive a retransmission of data from the Exchange’s Multicast PITCH data feeds.

⁶ Bulk Quoting Capabilities Ports provide users with the ability to submit and update multiple bids and offers in one message through logical ports enabled for bulk-quoting.

maintain and improve its market technology and services. Additionally, the proposed fee amounts for Logical Ports, Spin Ports and GRP Ports are the same as the fees assessed on one of the Exchange's affiliated options exchanges with similar market share for the same corresponding logical connectivity and the proposed fee amount for Bulk Ports is even lower than the fees assessed by the same affiliated options exchange for the same corresponding Bulk Port connectivity.⁷ The proposed fees are also similar to or less than amounts assessed by other exchanges for similar connections.⁸

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.⁹ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁰ 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

⁷ See Cboe BZX Options Exchange Fee Schedule, Options Logical Port Fees and Cboe Exchange Fees Schedule, Logical Connectivity Fees, which assesses a monthly fee of \$750 per port for Logical Ports, Spin Ports and GRP Ports and between \$1,500 - \$2,500 per port for Bulk Ports.

⁸ See, e.g., The Nasdaq Stock Market Options 7: Pricing Schedule, Section 3 Nasdaq Options Market – Ports and Other Services, which assesses a monthly fee of \$650 per port for FIX Ports (which are analogous to the Exchange's Logical Ports) and up to \$1,500 per port for SQF Ports (which are similar to the Exchange's Bulk Ports); and BOX Exchange LLC ("BOX") Fee Schedule, Section III, B. (Technology Fees), which assesses \$1,080 for Market Making SOLA Access Information Language ("SAIL") Ports (which are analogous to the Exchange's Bulk Ports).

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹¹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange also believes the proposed rule change is consistent with Section 6(b)(4)¹² of the Act, which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Members and other persons using its facilities.

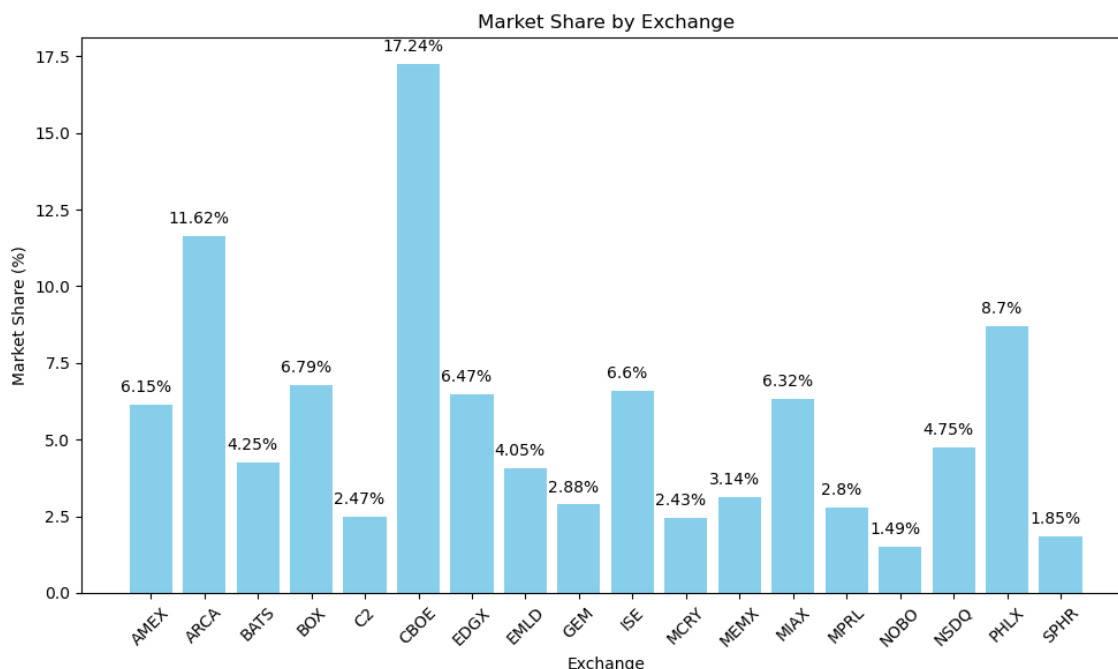
The Exchange believes the proposed fees are reasonable as they are the same, or lower than, the amounts assessed by affiliated options exchanges for the same functionality (and which were similarly adopted via the rule filing process and filed with the Commission). The proposed fees are also similar to or less than fees assessed by other exchanges, for analogous connections.¹³ Further, the Exchange notes that an affiliated options exchange and other exchanges that offer similar pricing for similar or the same connections have a comparable, or even lower, market share as the Exchange, as detailed further below. Indeed, the Exchange has reviewed the U.S. options market share for each of the eighteen options markets utilizing total options contracts traded in 2025 through February 27, 2025, as set forth in the following graph:¹⁴

¹¹ Id.

¹² 15 U.S.C. 78f(b)(4).

¹³ Supra notes 7 and 8.

¹⁴ Market share is the percentage of volume on a particular exchange relative to the total volume across all exchanges, and indicates the amount of order flow directed to that exchange. High levels of market share enhance the value of trading and ports. Total contracts include both multi-list options and proprietary options products. Proprietary options products are products with intellectual property rights that are not multi-listed. The Exchange does not currently list proprietary products.



The Exchange notes that the proposed Logical Port fee of \$750 per port is comparable to fees charged by at least two other exchanges with comparable (indeed, even lower) market share, particularly by Cboe BZX Exchange, Inc. (“BZX Options”) and The Nasdaq Stock Market LLC (“Nasdaq Options”), as summarized in Table 1:

Table 1

Exchange	Market Share	Monthly Fee Per Port
EDGX Options	6.47%	\$750
BZX Options	4.25%	\$750
Nasdaq Options	4.75%	\$650

The proposed Spin and GRP Port fees of \$750 per port are also the same as those currently charged by the Exchange’s affiliate BZX Options for the same ports, notwithstanding BZX Options’ lower market share, as summarized in Table 2:

Table 2

Exchange	Market Share	Monthly Fee Per Port
EDGX Options	6.47%	\$750
BZX Options	4.25%	\$750

Finally, the Exchange notes that the proposed Bulk Port fee is lower than the fees charged for analogous ports by at least three exchanges with similar or even lower market share including BOX Exchange LLC (“BOX”), BZX Options, and Nasdaq Options as summarized in Table 3:

Table 3

Exchange	Market Share	Monthly Fee Per Port
EDGX Options	6.47%	\$1,000
BOX	6.79%	\$1,080
BZX Options	4.25%	\$1,500 - \$2,500
Nasdaq Options	4.75%	Up to \$1,500

The Exchange believes the above comparisons therefore supports the proposition that the proposed logical connectivity fees are comparable to those of other exchanges for the same or analogous connectivity offerings and are reasonable.

Additionally, the Exchange believes the proposed fee increase is reasonable in light of recent and anticipated connectivity-related upgrades and changes. The Exchange and its affiliated exchanges recently launched a multi-year initiative to improve Cboe Exchange Platform performance and capacity requirements, including for its U.S. options markets, to increase competitiveness, support growth and advance a consistent world class platform. The goal of the project, among other things, is to provide faster and more consistent order handling

and matching performance for options, while ensuring quicker processing time and supporting increasing volumes. For example, the Exchange is currently performing order handler and matching engine hardware upgrades across its markets to advance this goal. The Exchange anticipates that upgrades to its matching engines may result in a latency reduction up to 40% to 50% on the Exchange and that upgrades to its order handlers may offer lower variability in the processing of message, which can reduce the time a message takes to get to the matching engine. The Exchange expended, and will continue to expend, resources to innovate and modernize technology so that it may benefit its Members and continue to compete among other options markets. The Exchange also notes that neither it - nor its options exchange affiliates - have passed through or offset current or projected costs associated with these upgrades. The ability to continue to innovate with technology and offer new products to market participants allows the Exchange to remain competitive in the options space which currently has 18 options markets and potential new entrants.

Moreover, the Exchange notes that the amount and type of logical ports a Member chooses to purchase is ultimately determined by factors relevant and specific to each market participant, including its business model, costs of connectivity, how its business is segmented and allocated and volume of messages sent to the Exchange. There is also no requirement that any market participant maintain a specific number of logical ports and a market participant may choose to maintain as many or as few of such ports as each deems appropriate. Further, market participants may reduce or discontinue use of these ports in response to the proposed fees. The Exchange also does not assess any termination fee for a market participant to drop its connectivity or membership, nor is the Exchange aware of any other costs that would be incurred by a market participant to do so.

The Exchange finally believes that the proposed fee changes are not unfairly discriminatory because they are assessed uniformly across all market participants that purchase the respective logical ports. All Members have the option to select any connectivity option, and there is no differentiation among Members with regard to the fees charged for the services offered by the Exchange.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes the proposed fee change will not impact intramarket competition because it will apply to all similarly situated market participants equally (i.e., all market participants that choose to purchase the relevant logical ports).

The Exchange believes the proposed fees will not impact intermarket competition because they are also similar to or lower than some fees for similar connectivity on other exchanges, and therefore may stimulate intermarket competition by attracting additional firms to connect to the Exchange or at least should not deter interested participants from connecting directly to the Exchange. Further, if the changes proposed herein are unattractive to market participants, the Exchange can, and likely will, see a decline in usage of these ports as a result. The Exchange operates in a highly competitive market in which market participants can determine whether or not to connect directly to the Exchange based on the value received compared to the cost of doing so. Indeed, market participants have numerous alternative venues that they may participate on and direct their order flow, including 14 non-Cboe affiliated options markets, as well as off-exchange venues, where competitive products are available for trading. Moreover, the Commission has repeatedly expressed its preference for competition over

regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹⁵ The fact that this market is competitive has also long been recognized by the courts. In *NetCoalition v. Securities and Exchange Commission*, the D.C. Circuit stated as follows: “[n]o one disputes that competition for order flow is ‘fierce.’ ... As the SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market share percentages for granted’ because ‘no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers’”¹⁶ Accordingly, the Exchange does not believe its proposed change imposes any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁷ and paragraph (f) of Rule 19b-4¹⁸ thereunder. At any time within 60 days of the filing of

¹⁵ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

¹⁶ *NetCoalition v. SEC*, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

¹⁷ 15 U.S.C. 78s(b)(3)(A).

¹⁸ 17 CFR 240.19b-4(f).

the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic Comments:

- Use the Commission's internet comment form

(<https://www.sec.gov/rules/sro.shtml>); or

- Send an e-mail to rule-comments@sec.gov. Please include file number SR-CboeEDGX-2025-025 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-CboeEDGX-2025-025. This file number should be included on the subject line if e-mail 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-CboeEDGX-2025-025 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹

Sherry R. Haywood,

Assistant Secretary.

¹⁹ 17 CFR 200.30-3(a)(12).