

# SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-102990; File No. SR-CboeBZX-2025-058]

## Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rule 11.23 Regarding the Closing Auction

May 5, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on April 25, 2025, Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder.<sup>4</sup> 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 BZX Exchange, Inc. (the “Exchange” or “BZX”) proposes to (i) amend Rule 11.23(c)(1)(A) to change the Market-On-Close time from 3:59 p.m. Eastern Time to 3:55 p.m. Eastern Time; (ii) amend Rule 11.23(c)(1)(B) to provide that Market-On-Close orders cannot be modified after 3:55 p.m. Eastern Time, and that Limit-On-Close (“LOC”) and Late-Limit-On-Close (“LLOC”) orders cannot be modified after 3:59 p.m. Eastern Time; and (iii) amend Rule

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>4</sup> 17 CFR 240.19b-4(f)(6).

11.23(c)(2)(A) to change the frequency with which the Exchange publishes BZX Closing Auction information. 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/bzx/](http://markets.cboe.com/us/equities/regulation/rule_filings/bzx/)), 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

Cboe BZX Exchange, Inc. (the "Exchange" or "BZX") proposes to (i) amend Rule 11.23(c)(1)(A) to change the Market-On-Close ("MOC")<sup>5</sup> cutoff time from 3:59 p.m. Eastern Time to 3:55 p.m. Eastern Time ("ET")<sup>6</sup>; (ii) amend Rule 11.23(c)(1)(B) to provide that MOC orders cannot be modified after 3:55 p.m., and that Limit-On-Close ("LOC")<sup>7</sup> and Late-Limit-On-Close

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<sup>5</sup> The term "Market-On-Close" or "MOC" shall mean a BZX market order that is designated for execution only in the Closing Auction or Cboe Market Close. See Rule 11.23(a)(15).

<sup>6</sup> Hereinafter, all times are in Eastern Time.

<sup>7</sup> The term "Limit-On-Close" or "LOC" shall mean a BZX limit order that is designated for execution only in the Closing Auction. See Rule 11.23(a)(13).

(“LLOC”)<sup>8</sup> orders cannot be modified after 3:59 p.m.; and (iii) amend Rule 11.23(c)(2)(A) to change the frequency with which the Exchange publishes BZX Closing Auction<sup>9</sup> information.

### Existing Closing Auction Process

Pursuant to Rule 11.23(c), Closing Auction, Users may submit orders to the BZX Closing Auction as set forth in Rule 11.23(c)(1)(A)-(C). Eligible Auction Orders,<sup>10</sup> as defined in Rule 11.23(a)(8), designated for the Closing Auction are queued until 4:00 p.m. at which time they are eligible to be executed in the Closing Auction. Users may submit LOC and MOC orders until 3:59 p.m., at which point any additional LOC and MOC orders submitted will be rejected. Users may also submit Continuous Book<sup>11</sup> Regular Hours Only (“RHO”)<sup>12</sup> orders until immediately prior to the Closing Auction. Users may also submit LLOC orders between 3:59 p.m. and 4:00 p.m. Eligible Auction Orders designated for the Closing Auction may not be cancelled between 3:59

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<sup>8</sup> The term “Late-Limit-On-Close” or “LLOC” shall mean a BZX limit order that is designated for execution only in the Closing Auction. To the extent a LLOC bid or offer received by the Exchange has a limit price that is more aggressive than the NBB or NBO, the price of such bid or offer is adjusted to be equal to the NBB or NBO, respectively, at the time of receipt by the Exchange. Where the NBB or NBO becomes more aggressive, the limit price of the LLOC bid or offer will be adjusted to the more aggressive price, only to the extent that the more aggressive price is not more aggressive than the original User entered limit price. The limit price will not be adjusted to a less aggressive price, unless otherwise provided by Exchange Rules. If there is no NBB or NBO, the LLOC bid or offer, respectively, will assume its entered limit price. See Rule 11.23(a)(11).

<sup>9</sup> See Rule 11.23(c).

<sup>10</sup> The term “Eligible Auction Order” shall mean any MOO, LOO, LLOO, MOC, LOC, or LLOC order that is entered in compliance with its respective cutoff for an Opening or Closing Auction, any RHO order prior to the Opening Auction, any limit or market order not designated to exclusively participate in the Closing Auction entered during the Quote-Only Period of an IPO Auction subject to the below restrictions, and any limit or market order not designated to exclusively participate in the Opening or Closing Auction entered during the Quote-Only Period of a Halt Auction. See Rule 11.23(a)(8).

<sup>11</sup> The term “Continuous Book” shall mean all orders on the BZX Book that are not eligible Auction Orders. See Rule 11.23(a)(7).

<sup>12</sup> Regular Hours Only (“RHO”) means a limit or market order that is designated for execution only during Regular Trading Hours, which includes the Opening Auction, the Closing Auction, and IPO/Halt Auctions for BZX listed securities and the Opening Process for non-BZX-listed securities (as such terms are defined in Rule 11.23 and 11.24). Any portion of a market RHO order will be cancelled immediately following any auction in which it is not executed. See Rule 11.9(b)(7).

p.m. and 4:00 p.m. Orders eligible for execution during Regular Trading Hours<sup>13</sup> may be cancelled at any time prior to execution, including immediately prior to the Closing Auction. Additionally, publication of BZX Auction Information begins at 3:00 p.m. and updates every five seconds thereafter. BZX Auction Information includes the Reference Price,<sup>14</sup> Indicative Price,<sup>15</sup> Auction Only Price,<sup>16</sup> Reference Buy Shares,<sup>17</sup> and Reference Sell Shares<sup>18</sup> associated with the Closing Auction, which is disseminated via electronic means. The Closing Auction information is available to subscribers of Cboe PITCH data feeds and Cboe Auction Feed and is also made available to other market participants by various market data vendors, maximizing transparency for all investors.

Per Rule 11.23(c)(1)(A), Users<sup>19</sup> may submit LOC and MOC orders onto the Exchange until 3:59 p.m., after which time any additional LOC and MOC order submitted by a User will be rejected. Additionally, LLOC orders may be submitted between 3:59 p.m. and 4:00 p.m. The

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<sup>13</sup> The term “Regular Trading Hours” means the time between 9:30 a.m. and 4:00 p.m. Eastern Time. See Rule 1.5(w).

<sup>14</sup> The term “Reference Price” shall mean the price within the Reference Price Range that maximizes the number of Eligible Auction Order shares associated with the lesser of the Reference Buy Shares and the Reference Sell Shares as determined at each price level within the Reference Price Range, that minimizes the absolute difference between Reference Buy Shares and Reference Sell Shares, and minimizes the distance from the Volume Based Tie Breaker. See Rule 11.23(a)(19).

<sup>15</sup> The term “Indicative Price” shall mean the price at which the most shares from the Auction Book and the Continuous Book would match. In the event of a volume based tie at multiple price levels, the Indicative Price will be the price which 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 Indicative Price will be the price closest to the Volume Based Tie Breaker. See Rule 11.23 (a)(10).

<sup>16</sup> The term “Auction Only Price” shall mean the price at which the most shares from the Auction Book would match. In the event of a volume based tie at multiple price levels, the Auction Only Price will be the price which 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 Auction Only Price will be the price closest to the Volume Based Tie Breaker. See Rule 11.23(a)(2).

<sup>17</sup> The term “Reference Buy Shares” shall mean the total number of shares associated with buy-side Eligible Auction Orders that are priced equal to or greater than the Reference Price. See Rule 11.23(a)(18).

<sup>18</sup> The term “Reference Sell Shares” shall mean the total number of shares associated with sell-side Eligible Auction Orders that are priced equal to or less than the Reference Price. See Rule 11.23(a)(21).

<sup>19</sup> The term “User” shall mean any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3. See Rule 1.5(cc).

current 3:59 pm MOC cutoff time was proposed<sup>20</sup> by the Exchange in March 2021 (“2021 Proposal”). In that filing, the Exchange proposed to extend the MOC and LOC cutoff times from 3:55 p.m. to 3:59 p.m., and the LLOC cutoff time to 3:59 p.m. to 4:00 p.m. The Exchange reasoned that “[a]s the equities markets continue to evolve and become more efficient and automated...the current Closing Auction Cutoff is overly restrictive to market participants that wish to participate in the Exchange’s Closing Auction and that typically have to tie up on close interest for five minutes or more at the end of the trading day to participate in the Closing Auction.” The Exchange further noted that the proposed later MOC cutoff time “would give [Users] greater control over their on close orders while still leaving enough time at the end of the trading day for market participants to react to and offset balances.” This proposal was approved by the Commission on May 18, 2021 (“Approval Order”).<sup>21</sup>

#### Proposed MOC Cutoff Time

As noted, the Exchange now seeks to move the MOC cutoff time from 3:59 p.m., back to BZX’s original MOC cutoff time of 3:55 p.m., after which time the entry of any new MOCs will be rejected, and MOCs may not be modified or canceled (as opposed to existing Rule text, providing only that MOCs may not be *cancelled* after 3:59 p.m.). In evaluating the Closing Auction process, the Exchange’s various Lead Market Makers (“LMMs”)<sup>22</sup> have indicated that moving the MOC cutoff time back four minutes would provide them with additional time to react to and offset imbalances created by the late entry (i.e., currently, one minute before the close) of MOC orders by

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<sup>20</sup> Securities Exchange Act Release No. 34-91479 (April 5, 2021), 86 FR 18580 (April 9, 2021) (SR-CboeBZX-2021-023).

<sup>21</sup> Securities Exchange Act Release No. 34-91921 (May 18, 2021), 86 FR 27905 (May 24, 2021) (SR-CboeBZX-2021-023).

<sup>22</sup> The term “LMM” means a Market Maker registered with the Exchange for a particular LMM Security that has committed to maintain Minimum Performance Standards in the LMM Security. See Rule 11.8(e).

Users. At this time, the Exchange does not propose to change the cutoff times for the entry of LOC and LLOC orders,<sup>23</sup> and Users will still be able to enter these orders until 3:59 p.m. (LOC orders), and from 3:59 p.m. to 4:00 p.m. (LLOC orders). However, in addition to the current rule text that prohibits the cancelation of LOC and LLOC orders between 3:59 p.m. and 4:00 p.m., the Exchange now seeks to add rule text that also prohibits Users from *modifying* LOC or LLOC orders between 3:59 and 4:00 p.m.

The difference in cutoff times between MOC and LOC/LLOC orders is due to the fact that the Exchange’s LMM in BZX’s corporate listing believes that a MOC cutoff time further away from market close would enable both the LMM, and other BZX Users<sup>24</sup> to better react to and respond to closing auction imbalances created by the entry of MOC orders in such close proximity to market close (i.e., 3:59 p.m.). In contrast, various LMMs for BZX’s listed exchange traded products (“ETPs”) stated they prefer that a 3:59 p.m. cutoff time remain in effect for at least one of the closing order types – i.e., MOC, LOC, or LLOC orders. These LMMs noted that moving up the cutoff times for all closing order types could lead to wider spreads going into market close, particularly in ETPs where the LMM is performing creation<sup>25</sup> or redemption<sup>26</sup> transactions.

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<sup>23</sup> The Exchange notes that it plans to submit a proposal amending the entry and handling of LOC and LLOC orders at a later date.

<sup>24</sup> The Exchange notes that while it did not confer with all Users, BZX did consult with several of the Exchange’s largest Members, including large institutional trading firms and bulge-bracket broker-dealers that typically trade heavily into the Closing Auction and would be most impacted by the proposed changes. Importantly, these Users confirmed that these proposed changes to the MOC cutoff time would not cause them any technological, operational, or risk issues.

<sup>25</sup> In general, creation involves the buying of all the underlying securities and wrapping them into the exchange traded fund structure. See generally “Investor Bulletin: Exchange-Traded Funds (ETFs)”, available at: <https://www.sec.gov/investor/alerts/etfs.pdf>.

<sup>26</sup> In general, redemption is the process whereby the ETF is ‘unwrapped’ back into the individual securities. See generally “Investor Bulletin: Exchange-Traded Funds (ETFs)”, available at: <https://www.sec.gov/investor/alerts/etfs.pdf>.

As noted further above, the Exchange reasoned in its 2021 Proposal that a 3:59 p.m. MOC cutoff time struck an appropriate balance of providing Users with greater control over their Closing Auction orders for a longer period of time, while also affording Users enough time to react to and respond to any potential Closing Auction imbalances. Importantly, the Exchange believes that the proposed 3:55 p.m. MOC cutoff time is still consistent with the rationale expressed by the Exchange in its 2021 Proposal. Based on feedback from LMMs and other Exchange Users, as well as its four years of experience in operating the Closing Auction process with a 3:59 p.m. MOC cutoff time, the Exchange now believes that 3:55 p.m. MOC cutoff time is better suited to strike the appropriate balance between enabling Users to control their closing order flow for a longer period of time, and providing Users with ample time to react to and respond to any potential Closing Auction imbalances created by MOC orders. Specifically, LMMs in BZX-listed ETPs and other BZX Users can still enter LOC orders until 3:59 p.m. and LLOC orders between 3:59 p.m. to 4:00 p.m., as well as Continuous Book RHO orders, which will continue to be accepted immediately prior to the Closing Auction.

Notably, the use of LOC and LLOC orders, rather than MOC orders, may be more beneficial for LMMs and other Exchange Users, as LOC and LLOC orders have a limit price and therefore have a greater impact on price formation than unpriced MOC orders. Moreover, as previously noted, the Exchange discussed these changes with its LMMs and other BZX Users and confirmed that changing the MOC cutoff would not present them with any issues with maintaining a market in their designated ETPs. Furthermore, in today's marketplace each of BZX, the New York Stock Exchange ("NYSE"), NYSE Arca, and Nasdaq Stock Market LLC ("Nasdaq"), as well as various off-exchange venues, maintain different MOC cutoff times. Therefore, the Exchange believes that market participants are well-accustomed to such variation and should not be unduly

burdened by BZX's new MOC cutoff time. Indeed, BZX Users are likely well accustomed to a 3:55 MOC cutoff time, as Nasdaq<sup>27</sup> currently has in place a 3:55 MOC cutoff time, making it less likely that the proposed amendment will provide Users with any new or novel issues.

From a technical perspective, the Exchange notes that the System<sup>28</sup> handles the cancellation or modification of MOC orders in the same manner, treating the modification of an MOC order as a cancellation of such order. The Exchange believes that adding language to the rule text regarding modifications will make clearer to Members that even modifications to their MOC orders past 3:55 p.m., or their LOC and LLOC orders past 3:59 p.m., will also not be permitted. Notably, these proposed amendments will not alter the manner in which Users modify their MOC, LOC, or LLOC orders on the Exchange. As such, this amendment will not raise any new or novel issues for BZX Users. Together, the prohibition of the cancellation and modification of MOC, LOC, and LLOC orders past 3:55 p.m. and 3:59 p.m., respectively, will help to mitigate the potential for large imbalances being created near (for MOC orders) or immediately prior to the Closing Auction (for LOC and LLOC orders) due to the cancellation or modification of such orders.

#### *Proposed Dissemination of BZX Auction Information*

To increase transparency leading up to market close, the Exchange proposes to amend Rule 11.23(c)(2)(A). The proposed amendment will increase the frequency with which the Exchange disseminates Closing Auction information. Specifically, the Exchange will continue to disseminate Closing Auction information every five seconds from 3:00 p.m. to 3:59 p.m., but proposes to

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<sup>27</sup> Securities Exchange Act Release No. 34-84454 (October 19, 2018), [83 FR 53923](#) (October 25, 2018) (SR-Nasdaq-2018-068) (Order Approving Proposed Rule Change, as Modified by Amendment No. 1, to Extend the Cutoff Times for Accepting On Close Orders Entered for Participation in the Nasdaq Closing Cross and to Make Related Changes)(The Commission approved a rule change by Nasdaq to move the cut-off times for the entry of MOC and LOC orders from 3:50 p.m. to 3:55 p.m.).

<sup>28</sup> 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).

increase the frequency of dissemination of Closing Auction information to every one second from 3:59 p.m. to 4:00 p.m.

While MOCs will be rejected after 3:55 p.m. and can no longer be cancelled or modified after 3:55 p.m., the LOC cutoff will remain 3:59 p.m., and Users will still be able to enter LLOCs between 3:59 p.m. and 4:00 p.m., as well as enter/cancel Continuous Book<sup>29</sup> orders immediately prior to the close, each of which can impact the Closing Auction price. In this regard, the proposed dissemination of Closing Auction information will benefit LMMs and other Users that may be entering LOC and LLOC orders, as well as Continuous Book orders just prior to the Closing Auction, by providing them more imbalance information heading into the close more frequently and enabling them to better assess what a potential imbalance may have on a security's Indicative Price during the last minute of the trading day and allow them to react accordingly. In this regard, the Exchange believes that the increased frequency with which Closing Auction information is disseminated will thereby lead to an even more efficient and orderly Closing Auction process.

The Exchange also believes that the dissemination of Closing Auction information every one second between 3:59 p.m. and 4:00 p.m. will not present Users with any new or novel issues, as it is likely that Users are already well accustomed to ingesting information with such frequency, as Nasdaq<sup>30</sup> currently disseminates its closing auction information beginning at 3:55

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<sup>29</sup> The term "Continuous Book" shall mean all orders on the BZX Book that are not Eligible Auction Orders. See Rule 11.23(a)(7).

<sup>30</sup> See Nasdaq Rule 4754(b)(1)(B), Nasdaq Closing Cross ("Beginning at 3:55 p.m., or five minutes prior to the early closing time on a day when Nasdaq closes early, Nasdaq shall disseminate by electronic means an Order Imbalance Indicator every second until market close."); see also Securities Exchange Act Release No. 34-84454 (October 19, 2018), [83 FR 53923](#) (October 25, 2018) (SR-Nasdaq-2018-068) (Order Approving Proposed Rule Change, as Modified by Amendment No. 1, to Extend the Cutoff Times for Accepting On Close Orders Entered for Participation in the Nasdaq Closing Cross and to Make Related Changes)(The Commission approved a proposal by Nasdaq to beginning disseminating its Order Imbalance Indicator every one second, beginning at 3:55 p.m.).

p.m., every one second. Moreover, given the high-speed technology<sup>31</sup> utilized by most market participants today, the updated frequency of the Closing Auction information should not present Users with any technological issues or constraints.

## 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.<sup>32</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>33</sup> 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

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<sup>31</sup> The Exchange notes that today’s equities markets involve the widespread use of automated trading algorithms and routing solutions, as well as market connectivity options with speeds often measured in microseconds. See generally “Staff Report on Algorithmic Trading in U.S. Capital Markets” (August 5, 2020), available at [https://www.sec.gov/tm/reports-and-publications/special-studies/algo\\_trading\\_report\\_2020](https://www.sec.gov/tm/reports-and-publications/special-studies/algo_trading_report_2020) (“Algorithmic Trading Report”) (“Over the past decade, the ‘manual handling of institutional orders is increasingly rare and has been replaced by sophisticated institutional order execution algorithms and smart order routing systems.’”) (“The secondary market for U.S.-listed equity securities that has developed within this structure is now primarily automated. The process of trading has changed dramatically primarily as a result of developments in technologies for generating, routing, and executing orders, as well as by the requirement imposed by law and regulation.”) (“Modern equity markets are connected in part by the data flowing between market centers. An enormous volume of data is available to market participants. In recent years, there has been an exponential growth in the amount of market data available, the speed with which it is disseminated, and the computer power used to analyze and react to price movements.”).

<sup>32</sup> 15 U.S.C. 78f(b).

<sup>33</sup> 15 U.S.C. 78f(b)(5).

is consistent with the Section 6(b)(5)<sup>34</sup> 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 moving the MOC cutoff time to 3:55 p.m. will help to facilitate transactions in securities, and remove impediments to and perfect the mechanism of a free and open market and a national market system, by providing the Exchange's listing LMMs and other Users with additional time to react to and respond to any potential closing auction imbalances resulting from the entry of MOC orders. In turn, mitigating imbalances will help to ensure a smoother Closing Auction process. While market participants today are generally well equipped with high-speed trading technologies and can enter orders in sub-second latencies, the addition of four extra minutes to react to and respond to closing auction imbalances will only make it more feasible for all market participants to do so.

Importantly, in speaking with the Exchange's listing LMMs and various non-LMM Users<sup>35</sup> they did not object to the amendment of the MOC cutoff time, as they would still have the ability to enter LOC orders until 3:59 p.m., LLOC orders between 3:59 p.m. and 4:00 p.m., and Continuous Book orders until immediately prior to the Closing Auction. Together, these orders provide LMMs and other Users with useful tools in helping them maintain markets in their securities. Notably, the use of LOC and LLOC orders, rather than MOC orders, may be more beneficial for LMMs and other Exchange Users, as LOC and LLOC orders have a limit price and therefore have a greater impact on price formation than unpriced MOC orders. Together, the cutoff times for MOCs and LOC/LLOCs will contribute to a more efficient Closing Auction process and more orderly price formation approaching the market close, thereby

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<sup>34</sup> Id.

<sup>35</sup> Supra note 24.

protecting investors and the public interest. Furthermore, the proposed MOC cutoff time is identical to that used by the Nasdaq for its closing auction.<sup>36</sup> In this regard, the proposed MOC cutoff time should not present BZX Users with any new or novel issues, and make it less likely that Users will need to make drastic system changes in order to comply with the new MOC cutoff time. Moreover, as noted further above, prior to extending the MOC cutoff time to 3:59 p.m., BZX utilized a 3:55 p.m. MOC cutoff time. Therefore, the Exchange believes Users are familiar with trading on BZX with a 3:55 MOC cutoff time and should not encounter any new or novel issues upon approval of this proposal.

From a technical perspective, the Exchange handles the cancellation or modification of MOC orders in the same manner, treating the modification of an MOC order as a cancellation of such order. The Exchange believes that adding language to the rule text regarding modifications will make clearer to Members that even modifications to their MOC orders past 3:55 p.m., or their LOC and LLOC orders post 3:59 p.m., will also not be permitted. Importantly, this proposed amendment will not alter how Users interact with the Exchange or how they modify their MOC, LOC, LLOC, orders on the Exchange. As such, this amendment will not raise any new or novel issues for BZX Users.

The Exchange also believes that updating the frequency of the dissemination of Closing Auction information between 3:59 p.m. to 4:00 p.m., from every five seconds to every one second, will help to facilitate transactions in securities, and remove impediments to and perfect the mechanism of a free and open market and a national market system, as well as contribute to the protection of investors and the public interest. By providing both LMMs and other market

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<sup>36</sup> Supra note 29.

participants with more timely Closing Auction information – i.e., every one second rather than every five seconds – market participants, including LMMs in BZX-listed securities, will be better able to react to and respond to imbalances heading into the close. While MOCs and LOCs will be cut off at 3:55 p.m. and 3:59 p.m., respectively, market participants can still enter or cancel Continuous Book orders, or enter LLOC orders, which may impact the indicative price heading into market close. By having this information with increased frequency, all Users can better react to and respond to imbalances by entering additional Continuous Book orders or LLOC orders in efforts to offset such imbalances, which should in turn, lead to an even more efficient and orderly Closing Auction process which benefits all Exchange Users.

In today's high-speed marketplace, receiving information every one second is extremely valuable, and increases the likelihood that market participants or an LMM can take action to address any closing auction imbalances. The Exchange also notes that its proposed dissemination of Closing Auction information is essentially identical to what Users are accustomed to today. Specifically, Users are already familiar with ingesting Closing Auction information, updated every five seconds, between 3:00 p.m. and 4:00 p.m. Going forward, they will be provided with more information between 3:59 p.m. and 4:00 p.m., which they can choose to utilize or not. Given the technological capabilities of today's market participants, this should not present Users with any new or novel issues. Similarly, the technological capabilities of today's market participants should also make ingesting Closing Auction information every one second (instead of the previous five seconds) from 3:59 p.m. to 4:00 p.m. quite feasible. Moreover, market participants likely already possess this capability today, as Nasdaq also disseminates its closing cross information in one second intervals.<sup>37</sup>

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<sup>37</sup> Supra note 29.

Altogether, the Exchange is simply moving its MOC cutoff time from 3:59 p.m. to 3:55 p.m., and disseminating updated Closing Auction information at the same duration as it does today, aside from 3:59 p.m. to 4:00 p.m. where information will be provided more frequently. In all other aspects, the Closing Auction will continue to operate identical to how it does so today, but with a 3:55 p.m. MOC cutoff time. Users of the BZX Closing Auction will not have to consider any other changes aside from needing to send their MOC orders to BZX four minutes earlier, and ingesting Closing Auction information more frequently during the last minute of the trading day. Furthermore, as noted above, Nasdaq's closing cross is similar in construct to the Exchange's current proposal. Specifically, Nasdaq accepts MOC orders up until 3:55 p.m. MOC cutoff,<sup>38</sup> accepts LOC orders up until 3:58 p.m., and accepts Imbalance Orders only up until 4:00 p.m. As such, the Exchange believes that its Users are well versed in trading into the close with a 3:55 p.m. MOC cutoff time.

The Exchange's proposals are also not unfairly discriminatory. The proposed MOC cutoff time applies to all Users, regardless of their size, type, or trading volume. Prior to submitting this proposal, the Exchange talked with Exchange Members, LMMs, and issuers of BZX-listed ETPs, and did not receive feedback that moving the MOC cutoff time to 3:55 p.m. was undesirable or that doing so would cause them undue burden. Market participants are still free to trade past 3:55 p.m. and into the close through the entry of regular Continuous Book orders, LOC orders, or LLOC orders. MOC orders are not the singular manner in which to participate in the BZX closing auction. Indeed, as noted above, LOC and LLOC orders, and even some Continuous Book orders, are entered with limit prices, which have a greater impact on price formation than unpriced MOC orders, which are merely recipients of price formation.

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<sup>38</sup> Supra note 27.

Furthermore, the proposal to update the frequency with which Closing Auction data is disseminated between 3:59 p.m. and 4:00 p.m., also applies to all Users equally, regardless of their size, type, or trading volume. Each User that wishes to ingest Closing Auction information may do so, and all Users will receive the information in the same frequency via electronic means. If a User chooses not to receive the BZX Closing Auction information, the User will simply not receive the information on an updated frequency.

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. Rather, the Exchange believes that its proposed changes will help to foster competition by further improving BZX's well-functioning Closing Auction process, making BZX a more attractive venue for closing order types. By moving up the time at which MOCs are no longer accepted, and by amending the modification cutoff time for MOC, LOC, and LLOC orders, the Exchange believes that the size of any potential Closing Auction imbalance will be reduced as market participants will be unable to send in MOC orders in such close proximity to 4:00 p.m. As such, market participants will have more time to react to imbalances by entering contra-side orders, thereby helping to contribute to a more efficient Closing Auction process. Additionally, the proposed increase in frequency of the dissemination of Closing Auction information from 3:59 to 4:00 p.m. will better enable market participants to react to and respond to the impact that any entry/cancellation of Continuous Book orders or the entry of LOC or LLOC orders may have on a security's indicative price, and related imbalances, and enable them to trade accordingly. In this regard, this proposed change will help to foster competition by incentivizing market participants to enter their closing orders onto BZX.

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 Exchange has filed the proposed rule change pursuant to section 19(b)(3)(A) of the Act<sup>39</sup> and Rule 19b-4(f)(6)<sup>40</sup> thereunder. Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>41</sup> and Rule 19b-4(f)(6) thereunder.<sup>42</sup>

At any time within 60 days of the filing of such 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 shall institute proceedings under Section 19(b)(2)(B)<sup>43</sup> of the Act to determine whether the proposed rule change should be approved or disapproved.

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<sup>39</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>40</sup> 17 CFR 240.19b-4(f)(6).

<sup>41</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>42</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. See id. The Exchange has satisfied this requirement.

<sup>43</sup> 15 U.S.C. 78s(b)(2)(B).

#### IV. Solicitation of Comments

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

##### Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-CboeBZX-2025-058 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-CboeBZX-2025-058. 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-CboeBZX-2025-058 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.<sup>44</sup>

**Sherry R. Haywood,**  
*Assistant Secretary.*

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<sup>44</sup> 17 CFR 200.30-3(a)(12).