

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-83031; File No. SR-CboeBZX-2018-027)

April 10, 2018

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use on the Exchange's Equity Options Platform

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 April 5, 2018, 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, II and III below, which Items have been prepared by the Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposed rule change effective upon filing with the Commission. 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

The Exchange filed a proposal to amend the fee schedule applicable to Members⁵ and non-Members of the Exchange pursuant to BZX Rules 15.1(a) and (c).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ The term "Member" is defined as "any registered broker or dealer that has been admitted to membership in the Exchange." See Exchange Rule 1.5(n).

The text of the proposed rule change is available at the Exchange's website at www.markets.cboe.com, at the principal office of the Exchange, 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 parts 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 ("BZX Options") to modify pricing for certain orders routed away from the Exchange and executed at various away options exchanges.⁶ Particularly, the Exchange proposes to amend routing fees for Directed ISO orders (as defined below), routed Non-Customer⁷ orders in Penny Pilot Securities and routed Customer orders to ARCA, C2, ISE, ISE Gemini, MIAX Pearl or NOM in Penny and Non-Penny Pilot Securities. The Exchange currently charges the following rates for these orders:

(i) Directed Intermarket Sweep Orders ("ISOs") (that are not otherwise specified in the Fee

⁶ The Exchange initially filed the proposed fee changes on April 2, 2018 (SR-CboeBZX-2018-024) for April 2, 2018 effectiveness. On business date April 4, 2018 [sic], the Exchange withdrew that filing and submitted this filing.

⁷ "Non-Customer" applies to any transaction that is not a Customer Order. "Customer" applies to any transaction identified by a Member for clearing in the Customer range at the OCC, excluding any transaction for a Broker Dealer or a "Professional" as defined in Exchange Rule 16.1.

Schedule), which yield fee code D4, are charged \$0.75 per contract, (ii) Non-Customer orders in Penny Pilot Securities, which yield fee code RN, are charged \$0.85 per contract; (iii) Customer orders to ARCA, C2, ISE, ISE Gemini, MIAX Pearl or NOM in Penny Pilot Securities, which yield fee code RQ, are charged \$0.70 per contract; and (iv) Customer orders to ARCA, C2, ISE, ISE Gemini, MIAX Pearl or NOM in Non-Penny Pilot Securities, which yield fee code RR, are charged \$1.10 per contract. The Exchange is proposing to amend those rates as follows: (i) the fee for Directed ISO Orders would be increased to \$0.85 per contract; (ii) the fee for Non-Customer Orders in Penny Pilot Securities would be increased to \$0.90 per contract; (iii) the fee for Customer orders to ARCA, C2, ISE, ISE Gemini, MIAX Pearl or NOM in Penny Pilot Securities would be increased to \$0.85 and (iv) the fee for Customer orders to ARCA, C2, ISE, ISE Gemini, MIAX Pearl or NOM in Non-Penny Pilot Securities would be increased to \$1.25. The Exchange notes that the proposed amounts are in line with amounts assessed for similar transaction on other exchanges.⁸

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,⁹ in general, and furthers the objectives of Section 6(b)(4),¹⁰ in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities.

Particularly, the Exchange believes its proposed fees are reasonable taking into account routing costs and also notes that the proposed changes are in line with amounts assessed by other

⁸ See e.g., NYSE Arca Options Fees and Charges, Routing Fees.

⁹ 15 U.S.C. 78f.

¹⁰ 15 U.S.C. 78f(b)(4).

exchanges.¹¹ The Exchange believes the proposed changes to its fees are equitable and not unfairly discriminatory because the proposed changes apply equally to all Members. The Exchange notes that routing through the Exchange is voluntary and also notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues or providers of routing services if they deem fee levels to be excessive.

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 not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes the proposed routing fees will not impose an undue burden on competition because the Exchange will uniformly assess the affected routing fees on all Members. Additionally, Members may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value or if they view the proposed fee as excessive. Further, excessive fees for participation would serve to impair an exchange's ability to compete for order flow and members rather than burdening competition.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any written comments from members or other interested parties.

¹¹ See e.g., NYSE Arca Options Fees and Charges, Routing Fees.

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 Act¹² and paragraph (f) of Rule 19b-4¹³ thereunder. At any time within 60 days of the filing of 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 (<http://www.sec.gov/rules/sro.shtml>);
- or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CboeBZX-2018-027 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.

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f).

All submissions should refer to File Number SR-CboeBZX-2018-027. 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 (<http://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 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying

information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CboeBZX-2018-027 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

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Assistant Secretary

¹⁴ 17 CFR 200.30-3(a)(12).