

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-101428; File No. SR-CBOE-2024-047)

October 24, 2024

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of a Proposed Rule Change to Amend its Rules Regarding the Types of Complex Orders Available for Flexible Exchange Options (“FLEX”) Trading at the Exchange

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)<sup>1</sup>, and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on October 11, 2024, Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to amend its Rules regarding the types of complex orders available for flexible exchange options (“FLEX”) trading at the Exchange. The text of the proposed rule change is provided in Exhibit 5.

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

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

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

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

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 adopt rules to govern a new type of complex FLEX Order. Specifically, the Exchange proposes to amend Rules 4.21 (Series of FLEX Options), 5.70 (Availability of Orders), 5.72 (FLEX Trading), and 6.5 (Nullification and Adjustment of Options Transactions Including Obvious Errors).

FLEX Options are customized equity or index option contracts that allow investors to tailor contract terms for exchange-listed equity and index options. The Exchange may make simple FLEX Orders and complex FLEX Orders (see Rule 5.70(b)), including security future-option orders and stock-option orders, available for FLEX trading. Currently, the legs of a complex FLEX Order are limited to FLEX Option series only. An investor wishing to trade a complex strategy containing both FLEX Option series and non-FLEX Option series must execute such strategy using two or more separate orders. The Exchange now proposes to amend its rules to allow for the legs of a complex FLEX Order to include a combination of FLEX Option series and non-FLEX Option series ("FLEX v. Non-FLEX Order").

The Exchange notes that, with exception of the rules proposed in this rule filing, FLEX v. Non-FLEX Orders will be subject to the same trading rules and procedures that currently govern the trading of other complex FLEX Orders on the Exchange. There are no changes in regards to complex FLEX Orders with FLEX Option legs only as a result of the proposed rule change. To

permit the trading of FLEX v. Non-FLEX Orders, the Exchange proposes to amend its rules as follows.

First, the Exchange proposes to amend Rule 5.70 (Availability of Orders) to add FLEX v. Non-FLEX Orders to the types of complex orders available for FLEX trading.<sup>3</sup> Specifically, the Exchange proposes to amend Rule 5.70(b) to state that the legs of a complex FLEX Order may be for FLEX Option series only or a combination of FLEX Option series and non-FLEX Option series (“FLEX v. Non-FLEX Order”).<sup>4</sup> As noted above, FLEX v. Non-FLEX Orders will be considered complex FLEX instruments, which will be subject to the same trading rules and procedures that govern the trading of other FLEX Orders on the Exchange (unless otherwise noted herein). The Exchange also proposes to amend Rule 5.70(b) to remove the requirement that each leg(s) of a complex FLEX Order must be for a FLEX Option series authorized for FLEX trading with the same underlying equity security or index and must have the same exercise style. The proposed change will allow for the trading of the proposed FLEX v. Non-FLEX Orders and will, in general, provide FLEX Traders with more flexibility and opportunities for customization via FLEX trading.

The Exchange also proposes to add Rule 5.70(d), which states that, in classes determined by the Exchange, a nonconforming FLEX v. Non-FLEX Order is not eligible for electronic processing, in which case the nonconforming FLEX v. Non-FLEX Order may only be submitted

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<sup>3</sup> As part of the proposed rule change, the Exchange proposes to amend Rule 5.70(b) to add a cite to the definition of complex order in Rule 1.1; this is not a substantive change, but rather merely adds a cross-reference to the defined term for purposes of clarity. Per Rule 1.1, the term “complex order” means an order involving the concurrent execution of two or more different series in the same underlying security or index (the “legs” or “components” of the complex order), for the same account, occurring at or near the same time and for the purpose of executing a particular investment strategy with no more than the applicable number of legs (which number the Exchange determines on a class-by-class basis).

<sup>4</sup> Under the proposed rule change, complex FLEX Orders could include both listed instruments as well as FLEX instruments (if at least one leg is for a FLEX Option series), with an optional stock leg. Per the definition of complex order, the legs of all complex FLEX Orders (including FLEX v. Non-FLEX options) must have the same underlying security or index. See Rule 1.1 (definition of complex order).

for manual handling and open outcry trading. For reference, a “nonconforming complex order” is defined as a complex order with a ratio on the options legs less than one-to-three (.333) or greater than three-to-one (3.00).<sup>5</sup> The proposed language is the same as language currently included in the definition of “complex order” in Rule 5.33(a), the intent of which is to permit the Exchange to determine in which classes nonconforming complex orders (including stock-option orders) may be submitted for electronic processing on the Exchange pursuant to Rule 5.33.

The Exchange also proposes to add Rule 5.70(e), which states that the non-FLEX Option leg(s) of a FLEX v. Non-FLEX Order may not Leg into the Simple Book, to provide for more efficient execution and processing of FLEX v. Non-FLEX Orders. The series that would comprise a FLEX v. Non-FLEX Order are parts of different classes and thus are subject to different trading setting and parameters pursuant to the Rules. Currently, electronic trading is not possible “across” classes given these different settings. Non-FLEX classes also have separate market data inputs, as the System must read market data for each class in connection with potential executions in non-FLEX classes. If the System receives a FLEX v. Non-FLEX Order, it would need to trade the Non-FLEX leg against the appropriate leg in the book; however, there is no book with resting simple FLEX orders against which the FLEX leg could execute. If this were to occur, execution opportunities for FLEX v. Non-FLEX Orders may be prevented. As discussed below, the Non-FLEX legs of FLEX v. Non-FLEX Orders will protect Priority Customer orders in the simple book for the Non-FLEX classes.<sup>6</sup>

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<sup>5</sup> See Rule 1.1.

<sup>6</sup> This proposed change is consistent with current Rules that do not permit legging of complex orders consisting of legs in different groups of series in a class, as the System handles groups of series as different classes. See Rule 5.33(g)(6).

The Exchange proposes to amend Rule 5.72 (FLEX Trading) to distinguish criteria for a complex order with only FLEX Option legs and to add criteria for FLEX and non-FLEX Option legs of a FLEX v. Non-FLEX Order. First, the Exchange proposes to amend Rule 5.72(b)(2) to specify that each FLEX Option leg of the FLEX Option complex strategy must include all terms for a FLEX Option series set forth in Rule 4.21 (including that a non-FLEX Option series with identical terms is not listed for trading), subject to the order entry requirements set forth in Rule 5.7.

Additionally, the Exchange proposes changes to distinguish the criteria for a complex order with only FLEX Option leg(s) from that proposed for FLEX v. Non-FLEX Orders, noting that there are no changes to the criteria to those FLEX Orders containing only FLEX Option leg(s) as a result of the proposed rule change. The Exchange proposes to amend Rule 5.72(b)(2)(A) to specifically reference the pricing requirements for complex FLEX Orders with FLEX Option legs only. As proposed Rule 5.72(b)(2)(A)(i) contains the requirements for a complex FLEX Order with only FLEX Option legs submitted into the System for an electronic FLEX Auction pursuant to Rule 5.72(c) or Rules 5.73 or 5.74, which must include a bid or offer price for each leg, which leg prices must add together to equal the net price. Proposed Rule 5.72(b)(2)(A)(ii) sets forth the requirements for a complex FLEX Order with only FLEX Option legs submitted into the System prior to representation in an open outcry FLEX Auction pursuant to Rule 5.72 (d), namely that the order may include a bid or offer price on one or more of the legs (subject to a FLEX Trader's responsibilities pursuant to Rule 5.91 and Chapter 9). The execution leg prices must be entered or modified, as necessary, via PAR following execution of the order, which prices must add together to equal the net execution price.

The Exchange proposes to add Rule 5.72(b)(2)(B) containing certain requirements for a FLEX v. Non-FLEX Order. Under the proposed rule, a FLEX v. Non-FLEX Order submitted in the System for an electronic FLEX Auction pursuant to Rule 5.72(c) must include a bid or offer price for each FLEX Option leg but no bid or offer price for each non-FLEX Option leg, and a net price. By allowing the System the ability to adjust the price of the legs, FLEX Traders may achieve their desired net price for the order, while ensuring the non-FLEX Option legs fit within pricing requirements of the non-FLEX markets. A FLEX v. Non-FLEX Order submitted into the System prior to representation in an open outcry FLEX Auction pursuant to Rule 5.72(d) below [sic] may include a bid or offer price for any FLEX Option leg but no bid or offer price for each non-FLEX Option leg, and a net price. By allowing flexibility in open outcry trading, FLEX Traders may achieve their desired net price for the order.

To achieve the desired net execution price for a FLEX v. Non-FLEX Order (1) the execution leg price of each non-FLEX Option leg may not be worse than the NBBO,<sup>7</sup> worse than the BBO,<sup>8</sup> or equal to the BBO if there is a Priority Customer order(s) on the Simple Book; and (2) the execution leg price of each FLEX Option leg(s) may be adjusted so that the prices of the FLEX Option legs combined with the prices of the non-FLEX Option legs add together to equal the net price. If a non-FLEX Option leg of a FLEX v. Non-FLEX Order cannot execute at a price permissible that meets the requirements set forth in proposed Rule 5.72(b)(2)(B)(i), the entire FLEX v. Non-FLEX Order will be cancelled.

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<sup>7</sup> See Rule 1.1. The term “NBBO” means the national best bid or offer the Exchange calculates based on market information it receives from OPRA.

<sup>8</sup> See Rule 1.1. The term “BBO” means the best bid or offer disseminated on the Exchange.

The below examples are designed to illustrate the pricing of a FLEX v. Non-FLEX Order. Assume for each example a FLEX Trader wishes to execute a complex FLEX Order with two legs (one FLEX Option leg and one non-FLEX Option leg).

**Example 1:** *Listed (i.e., non-FLEX) legs are adjusted to their NBBO first, FLEX Option leg is then adjusted residually to meet net execution price.*

Instrument ID	Legs	Symbol	Side	Ratio	Expiration	Strike	Type
CI0001	Leg 1	XYZ	Buy	1	December	10	Call
	Leg 2	1XYZ	Sell	1	November	10.01	Call

FLEX Order Auction (“FOA”): Buy 10 CI0001 @ 1.25.

Leg 1 (Non-FLEX Option Leg) Price: N/A

Leg 1 Market: (Exchange Market-Maker) 2.20 x 2.30 (Exchange Market-Maker)

Leg 2 (FLEX Option Leg) Price: 1.00

Response 1: Sell 5 @ 1.19

Response 2: Sell 5 @ 1.25

FOA trades 5 with Response 1 at 1.19. The legs print at 2.20 and 1.01.

FOA trades 5 with Response 2 at 1.25. The legs print at 2.25 and 1.00.

**Example 2:** *Listed (i.e., Non-FLEX) legs are adjusted up/down to their NBBO first, FLEX Option leg retains specified price, as no further adjustment is needed to meet net price.*

Instrument ID	Legs	Symbol	Side	Ratio	Expiration	Strike	Type
CI0001	Leg 1	XYZ	Buy	1	December	10	Call
	Leg 2	1XYZ	Sell	1	November	10.01	Call

FOA: Buy 10 CI0001 @ 1.25.

Leg 1 (Non-FLEX Option Leg) Price: N/A

Leg 1 Market: (Exchange Market-Maker) 2.15 x 2.30 (Exchange Market-Maker)

Leg 2 (FLEX Option Leg) Price: 1.00

Response 1: Sell 5 @ 1.19

Response 2: Sell 5 @ 1.25

FOA trades 5 with Response 1 at 1.19. The legs print at 2.19 and 1.00.

FOA trades 5 with Response 2 at 1.25. The legs print at 2.25 and 1.00.

The Exchange proposes to amend Rule 4.21 (Series of FLEX Options).<sup>9</sup> The Exchange proposes to add Rule 4.21(a)(4) to state that the Exchange may halt trading in a FLEX complex strategy (whether comprised of all FLEX Option legs or FLEX and non-FLEX Option legs) if any leg of the strategy is halted. The System does not accept a FLEX complex order for a series while trading in the class is halted. A FLEX complex strategy may not execute until all legs are no longer halted.

Finally, the Exchange proposes to amend Rule 6.5 (Nullification and Adjustment of Option Transactions Including Obvious Errors), Interpretation and Policy .07. Specifically, the Exchange proposes to add Rule 6.5, Interpretation and Policy. 07(d), to state that if a non-FLEX Option leg of a FLEX v. Non-FLEX Order qualifies as an Obvious Error under Rule 6.5(c)(1) or a Catastrophic Error under Rule 6.5(d)(1), then the non-FLEX Option leg that is an Obvious or Catastrophic Error will be adjusted in accordance with Rules 6.5(c)(4)(A) or (d)(3), respectively, regardless of whether one of the parties is a Customer. However, the non-FLEX Option leg of any Customer order subject to proposed Rule 6.5, Interpretation and Policy. 07(d) will be

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<sup>9</sup> As part of the proposed changes, the Exchange proposes to add a “FLEX Option series” as a defined term in Rule 4.21(a). Further, to enhance comprehension, the Exchange proposes to amend Rule 4.21(a)(2) to add a missing word (“be”), as well as clarify that a FLEX Order for a *new* FLEX Option series may be submitted on any trading day prior to the expiration date. Such changes are non-substantive, clarifying changes



nullified if the adjustment would result in an execution price higher (for buy transactions) or lower (for sell transactions) than the Customer's net execution price of the non-FLEX Option leg. If any leg of a FLEX v. Non-FLEX Order is nullified, the entire transaction is nullified. This is consistent with the Exchange's handling of other complex orders, including stock-option orders, and ensures protections in the event of an Obvious or Catastrophic error.

The Exchange believes that its existing surveillance and reporting safeguards in place are adequate to deter and detect possible manipulative behavior which might arise from trading FLEX v. Non-FLEX Orders and will support the protection of investors and the public interest. The Exchange also represents that it has the necessary system capacity to support the new complex FLEX Order type. Finally, the Exchange does not believe that any market disruptions will be encountered with the introduction of this complex FLEX Order type.

## 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>10</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>11</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

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<sup>10</sup> 15 U.S.C. 78f(b).

<sup>11</sup> 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)<sup>12</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Specifically, the Exchange believes the proposed rule change will benefit investors by expanding investors' choices and flexibility with respect to the trading of FLEX Options. The Exchange believes that introducing FLEX v. Non-FLEX Orders will increase order flow to the Exchange, increase the variety of options products available for trading, and provide a valuable tool for investors to manage risk.

The Exchange believes that the proposed rule change would remove impediments to and perfect the mechanism of a free and open market as FLEX v. Non-FLEX Orders would enable market participants to execute a complex strategy including a combination of FLEX Option series and non-FLEX Option series, which would, in turn, provide greater opportunities for market participants to manage risk through the use of a complex FLEX Order to the benefit of investors and the public interest. The proposed rule change will benefit TPHs by providing a more efficient mechanism for TPHs to provide and seek liquidity for customized or complex FLEX strategies which include a non-FLEX Option leg(s).

Further, trading FLEX Options, including FLEX v. Non-FLEX Orders, on an exchange is an alternative to trading customized options in OTC markets and carries with it the advantages of exchange markets such as transparency, parameters and procedures for clearance and settlement, and a centralized counterparty clearing agency. Therefore, the Exchange believes the proposed rule change will promote these same benefits for the market as a whole by providing an additional venue for market participants to seek liquidity for customized, large-sized, or complex

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<sup>12</sup> Id.

FLEX option orders, including those with a non-FLEX Option leg(s). The Exchange believes that providing an additional venue for these FLEX orders, rather than potentially splitting the orders across OTC and exchange markets, will benefit investors by increasing competition for order flow and executions, and thereby potentially result in more competitive pricing related to FLEX Options.

The Exchange believes that the proposed changes to Rule 5.70(b), to add FLEX v. Non-FLEX Orders to the list of complex orders available for FLEX trading, are consistent with the Act and remove impediments to and perfect the mechanism of a free and open market and a national market system because the changes will allow investors to trade in a more efficient manner, allowing investors to better customize their trading strategies and implement more precise trading strategies which are not available under current rules. Currently, a market participant is unable to trade a FLEX Option and a listed option as part of the same complex strategy; such user must submit an order containing the FLEX Option(s) and an order containing the listed option. This may introduce additional complexities such as price and legging risk, which would be eliminated under the proposed rule change. These complexities may unnecessarily limit market participants' ability to trade in an exchange environment that offers the added benefits of transparency, price discovery, liquidity, and financial stability. These investors may have improved capability under the proposed rule change to execute strategies to meet their specific investment objectives by using a single order with customized FLEX Option legs with non-FLEX Option legs.

Similarly, the Exchange also believes the proposed changes to Rule 5.70(b), to remove the requirements that each leg of a complex FLEX Order must be for a FLEX Option series authorized for FLEX trading with the same underlying equity security or index and have the same

exercise style, will remove impediments to and perfect the mechanism of a free and open market and benefit investors, because it will provide TPHs with additional flexibility and precision in their investment strategies, by allowing TPHs to trade complex strategies that would otherwise be required to split into multiple, separate orders.

The proposed change to Rule 5.70(b) to add a cite to Rule 1.1 for the definition of complex orders provides further clarity within the Rules, to the benefit of investors.

The Exchange believes the proposed changes to Rule 4.21(a), which address when the Exchange may halt trading in a FLEX complex strategy (whether comprised of all FLEX Option legs or FLEX and non-FLEX Option legs), are consistent with the Act and promotes the public interest and the protection of investors by clarifying the Exchange's authority with respect to FLEX complex strategies comprised of all FLEX Option legs and providing a consistent and transparent procedure with respect to FLEX complex strategies comprised of FLEX and non-FLEX Option legs, that would be applied by the Exchange, similar to trading halt authority under current rules.<sup>13</sup> Further, the proposed change to add the defined term "FLEX Option series" provides further clarity within the Rules and eliminates potential confusion by providing a definition of "FLEX Option series" to the benefit of investors.

The Exchange believes the proposed changes to Rule 5.72(b)(2)(A), which provide clarity with respect to the criteria required for complex FLEX Orders with FLEX Option legs only, helps [sic] will help promote a fair and orderly national options market system. As noted above, there are no changes in regards to complex FLEX Orders with FLEX Option legs only as a result of the proposed rule changes. As such, the changes proposed under Rule 5.72(b)(2)(A), to separate out the requirements for complex FLEX Orders with FLEX Option legs only, provide

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<sup>13</sup> See, e.g., Rule 4.21(a)(3).

clarity regarding the requirements for complex FLEX Orders with FLEX Option legs only, as compared to the proposed requirements for complex FLEX Orders with FLEX and non-FLEX Option legs.

Additionally, the Exchange believes the proposed rule change to add Rule 5.70(d) will 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, because it will provide market participants with the same flexibility with respect to all their complex trading strategies. The proposed rule change eliminates confusion regarding what types of FLEX v. Non-FLEX Orders are permissible for electronic processing. As noted above, the proposed rule changes regarding execution of nonconforming FLEX v. Non-FLEX Orders are consistent with the Exchange's previously adopted rules regarding execution of other nonconforming complex orders.

The Exchange believes the proposed pricing requirements for FLEX v. Non-FLEX Orders, set forth in proposed Rule 5.72(b)(2)(B), would remove impediments to and perfect the mechanism of a free and open market, as the proposed trading process for FLEX v. Non-FLEX Orders will provide the ability for investors to achieve the desired net package price for those orders while protecting customers with resting interest in the non-FLEX Simple Book. By requiring a FLEX v. Non-FLEX Order submitted into a FLEX Auction (whether electronically or in open outcry) to include a bid or offer price for each FLEX Option leg, but no bid or offer for each non-FLEX Option leg, and a net price, the requirements ensure that the non-FLEX Option leg will be subject to the same pricing requirements as they would if not part of a FLEX v. Non-FLEX Order. Specifically, the price of any non-FLEX Option leg that is part of a FLEX v. Non-FLEX Order may not be outside of the BBO or NBBO. The Exchange's proposal will continue

to protect Priority Customer interest on the Exchange, as the non-FLEX Option legs of a FLEX v. Non-FLEX Order will always trade at a price better than BBO if there is a customer on a leg.

The Exchange believes this proposed trading process will ensure user who chooses to submit a listed (i.e., Non-FLEX) leg as part of a FLEX v. Non-FLEX Order is subject to the same pricing requirements as they would be if the listed leg was not submitted with FLEX Option legs for execution. Ultimately, FLEX v. Non-FLEX Orders will trade in the same manner as FLEX complex orders do today, and execution of the non-FLEX Option legs of these orders will continue to comply with linkage requirements (by not permitting trade-throughs of the NBBO) and protect resting customer interest in the Simple Book. Further, the Exchange believes that the proposal to not permit the non-FLEX Option legs of a FLEX v. Non-FLEX Order to leg into the Simple Book is consistent with the Act and promotes the public interest and the protection of investors, because it will provide for more efficient execution and processing of FLEX v. Non-FLEX Orders, as legging would prevent execution opportunities for these orders (as discussed above).

Finally, the Exchange believes that the proposed rule change is designed to not permit unfair discrimination among market participants as all TPHs may, but are not required to, trade FLEX v. Non-FLEX Orders.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, as all TPHs that are registered as FLEX Traders in accordance with the Exchange's Rules will be able to trade FLEX v. Non-FLEX Orders in the same manner.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, as the proposal is designed to increase competition for order flow on the Exchange in a manner that is beneficial to investors because it is designed to provide investors seeking to execute both a FLEX Option(s) and a listed option(s) with a more effective method of executing the trades, which may result in trade efficiencies (i.e., pricing or reporting efficiencies) and reduced risk (i.e., pricing and legging risk). The Exchange believes the proposed rule change will encourage competition, as it may broaden the base of investors that use FLEX Options to manage their trading and investment risk, including investors that currently trade in the OTC market for customized options. The Exchange believes the proposed rule change may increase competition as it may lead to the migration of options currently trading in the OTC market to trading on the Exchange. Also, any migration to the Exchange from the OTC market would result in increased market transparency and thus increased price competition.

The Exchange further notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues who offer similar functionality. All TPHs may, but are not required to, trade FLEX v. Non-FLEX Orders at the Exchange.

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:

##### 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-CBOE-2024-047 on the subject line.

##### Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-CBOE-2024-047. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications



relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-CBOE-2024-047 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>14</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>14</sup> 17 CFR 200.30-3(a)(12).