SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104782; File No. SR-CBOE-2026-013]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Exchange Rule 5.52 (Market-Maker Quotes) to Adopt Two-Sided Quote Bid/Ask Differentials

February 9, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on January 29, 2026, Cboe Exchange, Inc. ("Exchange" or "Cboe Options") 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 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. ("Cboe" or the "Exchange") is filing with the Securities and Exchange Commission ("Commission" or "SEC") a proposed rule change to amend Exchange Rule 5.52 (Market-Maker Quotes) to adopt two-sided quote bid/ask differentials.

The text of the proposed rule change is also available on the Commission's website (https://www.sec.gov/rules/sro.shtml), the Exchange's website (https://www.cboe.com/us/options/regulation/rule_filings/bzx/), and at the principal office of the Exchange.

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

2 17 CFR 240.19b-4.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Rule 5.52 to adopt two-sided quote bid/ask differentials, also referred to as spread parameters, which establish the maximum permissible width between a Market-Maker's bid and offer in a series in an appointed class. The proposal is substantively identical to Miami International Securities Exchange, LLC ("MIAX") Rules 603(b)(4) and (5).

Background on Market-Maker Quoting Obligations

Exchange Rule 5.51 sets forth Market-Maker Obligations on the Exchange. Rule 5.51(a)(1) requires that, ordinarily, a Market-Maker must during the trading day maintain a continuous two-sided market in each of its appointed classes, pursuant to Rule 5.52(d). Rule 5.52(d) requires a Market-Maker to enter continuous electronic bids and offers (in accordance with the requirements in Rules 5.51 and 5.52). Given this, a Market-Maker is generally obligated to comply with all requirements provided in Exchange Rules 5.51 and 5.52.

Exchange Rule 5.52(c) provides for the requirements of two-sided quotes. Specifically, Rule 5.52(c) currently provides that a Market-Maker that enters a bid (offer) on the Exchange in a series in an appointed class must enter an offer (bid). Currently, Market-Makers on the

Exchange are not subject to bid/ask differentials, meaning that the requirement for a two-sided market can be set with a quote that is very wide. The Exchange now proposes to adopt new provisions under Rule 5.52(c) to set forth the bid/ask differential requirements for such two-sided quotes.

Proposed Bid/Ask Differential Requirements

The Exchange proposes to add to Exchange Rule 5.52(c) that the bid/ask differential of a Market-Maker's electronic quotes may not exceed $5 regardless of the Market-Maker's bid. For purposes of measuring compliance with the bid/ask differential requirement, the Exchange will consider the aggregate of all quotes entered by a Market-Maker (i.e., at the Trading Permit Holder ("TPH") firm level) across all Executing Firm IDs ("EFIDs") used by that Market-Maker in a particular option series or class. For example, if a Market-Maker TPH quotes using multiple EFIDs in the same series, with EFID A quoting $0 bid at $10 offer and EFID B quoting $5 bid at $15 offer, the Exchange would measure the bid/ask differential based on the firm's aggregate quote of $5 bid at $10 offer, resulting in a $5 width that satisfies the requirement.

Additionally, the Exchange clarifies that a bid of zero or no bid is a valid bid for purposes of the two-sided market requirement and the bid/ask differential calculation. Using the example above, EFID A's quote of a $10 offer (and no bid) would result in a $10 width, as no bid is equivalent to a bid of $0. However, when aggregated with EFID B's quote of $5 bid at $15 offer, the Market-Maker firm's aggregate quote would be $5 bid at $10 offer, satisfying the $5 differential requirement.

Proposed Exceptions

The Exchange also proposes to adopt certain exceptions to the bid/ask differential requirements under proposed Rules 5.52(c)(1) and (2).

Proposed Rule 5.52(c)(1) would provide that the Exchange may establish bid/ask differentials other than the foregoing for one or more series or classes of options. As proposed, the Exchange would have flexibility to establish bid/ask differential in excess of $5 where appropriate for a particular options series or class. The Exchange notes that MIAX has exercised similar discretion to establish wider bid/ask differentials tailored to specific market conditions.[3]

Proposed Rule 5.52(c)(2) would provide that the bid/ask differentials shall not apply to in-the-money series where the national best bid and offer ("NBBO") for the underlying security is wider than the differentials set forth above. For such series, the bid/ask differentials may be as wide as the spread between the NBBO in the underlying security.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.[4] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[5] 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

3 For example, MIAX has established bid/ask differentials for various options series or classes based on factors such as the price of the underlying security and market characteristics. See MIAX Options Exchange Regulatory Circular 2025-44 at MIAX_Options_RC_2025_44.pdf.

4 15 U.S.C. 78f(b).

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

Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[6] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that establishing bid/ask differential requirements for Market-Maker quotes promotes just and equitable principles of trade and removes impediments to and perfects the mechanism of a free and open market and a national market system. The Exchange believes the proposed bid/ask differentials will enhance the quality of markets on the Exchange by requiring that Market-Makers maintain reasonably tight markets when fulfilling their continuous quoting obligations. Currently, Market-Makers may satisfy their two-sided quoting obligations with quotes that are excessively wide, which may not provide meaningful liquidity to market participants. By establishing a general maximum permissible width of $5 between a Market-Maker's bid and offer, the Exchange believes the proposal will cause Market-Makers to submit quotes that are more likely to facilitate price discovery and execution opportunities for investors.

The Exchange believes the proposed $5 bid/ask differential as the general maximum is reasonable and appropriate. The differential is sufficiently wide to accommodate normal market conditions and volatility while preventing Market-Makers from entering quotes that are so wide as to provide no meaningful liquidity. The Exchange notes that the proposal is substantively identical to MIAX Rules 603(b)(4) and (5).

The Exchange believes that measuring compliance with the bid/ask differential requirement at the TPH firm level (i.e.,aggregating quotes across all EFIDs used by a Market-Maker in a particular series) is consistent with the protection of investors and the public interest.

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6 Id.

This approach recognizes the operational reality that Market-Maker firms often utilize multiple EFIDs for legitimate business purposes, such as managing different trading strategies or order flow types. The Exchange believes measuring compliance with the bid/ask differential requirement at the firm level more accurately reflects the Market-Maker's overall market in a series, rather than evaluating each EFID in isolation. This aggregation approach appropriately assesses whether the Market-Maker is providing a meaningful two-sided market to investors, as the firm's combined quotes across all EFIDs represent the actual liquidity available from that Market-Maker. This approach is also consistent with how the Exchange measures compliance with other Market-Maker obligations, which are assessed at the firm level rather than by individual EFID.

The Exchange believes that clarifying that a bid of zero or no bid satisfies the two-sided quotation requirement promotes regulatory clarity and removes impediments to and perfects the mechanism of a free and open market. The Exchange believes this clarification will provide Market-Makers with additional understanding of their obligations and thus their ability to comply with the rule in a straightforward manner without being penalized for quoting markets that accurately reflect economic reality. By permitting zero or no bids to be considered a bid for purposes of determining compliance with quoting obligations, the Exchange believes the proposed rule change imposes a meaningful bid/ask differential requirement (measured in the aggregate across all EFIDs used by a Market-Maker in a series), that requires Market-Makers provide two-sided markets while providing Market-Makers with flexibility to quote in a manner that reflects then-current market conditions, thereby facilitating fair and efficient price discovery.

The Exchange believes that proposed Rule 5.52(c)(1), which provides the Exchange with the ability to establish bid/ask differentials other than $5 for one or more series or classes of options, is reasonable and promotes just and equitable principles of trade. This flexibility allows the Exchange to tailor bid/ask differential requirements to the specific characteristics of particular options series or classes, such as volatility levels, liquidity profiles, underlying security characteristics, or other relevant factors. For example, certain options classes may warrant narrower bid/ask differentials to enhance market quality, while wider differentials may be appropriate in others to account for unique risk or liquidity characteristics. This discretion enables the Exchange to respond to evolving market conditions and impose bid/ask differential requirements that are appropriate for different product types. The Exchange notes it will announce differentials, including any changes, to TPHs pursuant to Rule 1.5, providing transparency and notice of the applicable requirements. This approach is substantively identical to the flexibility provided to MIAX under MIAX Rules 603(b)(4) and (5).

The Exchange believes the exception under proposed Rule 5.52(c)(2) for in-the-money series where the underlying security market is wider than the applicable bid/ask differential is appropriate because it recognizes that options pricing is inherently tied to the pricing of the underlying security. When the NBBO in the underlying security is wider than the bid/ask differential required for the option, it would be unreasonable to require Market-Makers to maintain tighter markets in the option than exist in the underlying security itself. The Exchange believes this proposed exception is reasonable and appropriate to avoid not placing Market-Makers in the untenable position of being required to quote options more tightly than the securities on which those options are based, which could expose Market-Makers to undue risk and potentially discourage participation in market making. By allowing the bid/ask differential to be as wide as the NBBO in the underlying security for such series, the proposal appropriately balances the goal of maintaining tight markets with the practical realities of options pricing.

The Exchange notes that the proposed exceptions are substantively identical to those in MIAX Rules 603(b)(4) and (5), further demonstrating that the proposal is consistent with the Act.

For the foregoing reasons, the Exchange believes the proposal is consistent with the Act.

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 because the proposed bid/ask differential requirements will apply uniformly to all Market-Makers on the Exchange. All Market-Makers will be subject to the same bid/ask differential requirements in all classes.

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 substantively identical to MIAX Rules 603(b)(4) and (5). By adopting bid/ask differential requirements consistent with those of another options exchange, Market-Makers on the Exchange will be subject to the same bid/ask differential requirements as market-makers on another market.

For the foregoing reasons, the Exchange does not believe the proposed rule change will impose 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 written comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing 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)(iii) of the Act[7] and Rule 19b-4(f)(6) thereunder.[8]

A proposed rule change filed under Rule 19b-4(f)(6)[9] normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),[10] the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. According to the Exchange, waiver of the operative delay would allow the Exchange to enhance market quality without delay by imposing bid/ask differential requirements on Market-Makers that will result in tighter markets. In addition, the proposed requirements are substantively identical to the

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7 15 U.S.C. 78s(b)(3)(A)(iii).

8 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. The Exchange has satisfied this requirement.

9 17 CFR 240.19b-4(f)(6).

10 17 CFR 240.19b-4(f)(6)(iii).

rules of another exchange. For the foregoing reasons, the Commission believes that the proposed rule change presents no novel issues and that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposal operative upon filing.[11]

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 shall institute proceedings under Section 19(b)(2)(B)[12] of the Act 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 email to rule-comments@sec.gov. Please include file number SR-CBOE-2026-013 on the subject line.

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[11] For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

[12] 15 U.S.C. 78s(b)(2)(B).

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-2026-013. 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 filing 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-2026-013 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.[13]

Sherry R. Haywood,

Assistant Secretary.

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13 17 CFR 200.30-3(a)(12) and (59).