

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105771; File No. SR-CBOE-2026-024]

### **Self-Regulatory Organizations; Cboe Exchange, Inc.; Order Instituting Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change to Amend its Rules to Accommodate Stop-Limit Complex Orders and Establish Stop Complex Order Auctions as a New Type of Auction Mechanism**

June 24, 2026.

#### I. Introduction

On March 9, 2026, Cboe Exchange, Inc. (“Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to establish stop-limit complex orders as a type of complex order and the Stop Complex Order Auction (“SCOA”) as an auction mechanism to facilitate auctions for stop-limit complex orders. The proposed rule change was published for comment in the Federal Register on March 26, 2026.<sup>3</sup> The Commission has received no comments regarding the proposal.

On May 5, 2026, pursuant to Section 19(b)(2) of the Exchange Act,<sup>4</sup> the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed

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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> See Securities Exchange Act Release No. 105064 (Mar. 23, 2026), 91 FR 14736 (“Notice”).

<sup>4</sup> 15 U.S.C. 78s(b)(2).

rule change.<sup>5</sup> This order institutes proceedings under Section 19(b)(2)(B) of the Act<sup>6</sup> to determine whether to approve or disapprove the proposed rule change.

## II. Description of the Proposed Rule Change

As described more fully in the Notice,<sup>7</sup> the Exchange states that it currently offers stop-limit orders only for single leg orders.<sup>8</sup> The Exchange proposes to amend its rules to establish stop-limit complex orders as a type of complex order and to establish the SCOA as an electronic auction mechanism for stop-limit complex orders.<sup>9</sup> The Exchange states that it understands that market participants currently may enter a stop-limit order on the short leg of a complex order while managing the long leg separately.<sup>10</sup> The Exchange states that stop-limit complex orders will provide market participants with the ability to simultaneously manage the long and short legs of their complex orders.<sup>11</sup> The Exchange further states that market participants may choose

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<sup>5</sup> See Securities Exchange Act Release No. 105371 (May 5, 2026), 91 FR 25393 (May 8, 2026) (designating June 24, 2026, as the date by which the Commission shall either approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change).

<sup>6</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>7</sup> See *supra* note 3.

<sup>8</sup> The Exchange states that a Stop-Limit order is an order to buy (sell) that becomes a limit order when the consolidated last sale price (excluding prices from complex order trades if outside the NBBO) or NBB (NBO) for a particular option contract is equal to or above (below) the specified stop price. See Notice, 91 FR at 14737 and Exchange Rule 5.6(c).

<sup>9</sup> The proposal defines a stop-limit complex order as a complex order that becomes a limit order when, for the complex strategy of that order, either (i) the Market-Maker SBBO, or trade price as described in [proposed Exchange Rule 5.33(d)(2)(A)(i)(b)], is equal to or higher (lower) than the stop-limit price, or (ii) if designated by the User, the same side bid (ask) of the underlying equity security or the underlying index level, as applicable, is equal to or higher (lower) than the designated stop-limit price or if a trade price is equal to or higher (lower) than the stop-limit price. A User may not designate a stop-limit complex order as All Sessions or RTH and Curb. A User may not designate bulk messages as stop-limit complex orders. A User may not designate a stop-limit complex order as Direct to PAR. See proposed Exchange Rule 5.33(b)(5). The proposal defines the “Market-Maker SBBO” to mean the best bid and offer on the Exchange for a complex strategy calculated using only appointed Market-Maker quotes in the individual legs of a complex order.: (1) for complex orders, the appointed Market-Maker quotes for each option component of a complex strategy, and (2) for stock-option orders, the appointed Market-Maker quotes for each option component and the NBBO of the stock component of a complex strategy. See proposed Exchange Rule 5.33(a).

<sup>10</sup> See Notice, 91 FR at 14737 and Exchange Rule 5.6(c).

<sup>11</sup> See Notice, 91 FR at 14737.

to execute a transaction once certain market conditions are met to help manage and reduce the risk of extreme loss.<sup>12</sup> The Exchange states that stop-limit complex orders will provide investors with an execution and risk management tool, and that market participants will be able to effectively use stop-limit complex orders to replace the manual monitoring that market participants must currently engage in to gain the benefits of stop-limit functionality.<sup>13</sup>

Under the proposal, a stop-limit complex order is a conditional order that is triggered when, for a complex order to buy (sell) the same side Market-Maker SBBO is equal to or higher (lower) than the stop-limit price, or a complex trade occurs at a trade price that is equal to or higher (lower) than the stop-limit price.<sup>14</sup> Alternatively, a User may designate a price trigger for a stop-limit complex order based on the price or value of the option underlier, so that a stop-limit complex order to buy (sell) will be triggered when (i) for a security underlier, the same side bid (ask) of the underlying security is equal to or higher (lower) than the designated stop-limit price or a last-sale eligible trade price is equal to or higher (lower) than the stop-limit price; or (ii) for an index underlier, when the underlying index level is equal to or higher (lower) than the designated threshold price.<sup>15</sup> All triggered stop-limit complex orders will be processed in a SCOA.<sup>16</sup> The Exchange states that the proposed SCOA is intended to provide opportunities for price improvement and also is designed to maximize execution quantity, particularly given that one event may trigger multiple complex stop-limit orders.<sup>17</sup>

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<sup>12</sup> See Notice, 91 FR at 14740.

<sup>13</sup> See Notice, 91 FR at 14740.

<sup>14</sup> See proposed Exchange Rule 5.33(d)(2)(A)(i).

<sup>15</sup> See proposed Exchange Rule 5.33(d)(2)(A)(ii).

<sup>16</sup> See Notice, 91 FR at 14738.

<sup>17</sup> See Notice, 91 FR at 14738.

Once the trigger condition designated for a stop-limit complex order has been met, the Exchange's System initiates a SCOA by sending an auction message to all subscribers to the Exchange's data feeds that deliver auction messages.<sup>18</sup> Multiple stop-limit complex orders in the same complex strategy that are triggered by the same event will be bundled together in the same SCOA.<sup>19</sup> The Exchange states that it believes that when multiple stop-limit complex orders are triggered by the same event, bundling the orders into a single SCOA will have better execution outcomes than processing multiple individual orders in separate auctions.<sup>20</sup> Users may submit responses to a SCOA auction message during the Response Time Interval, which may not exceed 1,000 milliseconds.<sup>21</sup> The Exchange will determine on a class-by-class basis whether all Users or Market-Makers with an appointment in the class and Trading Permit Holders acting as agent for orders resting at the top of the Complex Order Book ("COB") in the relevant complex strategy may submit auction response(s) during the Response Time Interval.<sup>22</sup> At the end of the Response Time Interval, the System executes SCOA order(s) against contra-side complex interest in a manner that executes the largest number of contracts.<sup>23</sup> Upon completion of the initial SCOA, any unfilled order(s) will iterate through additional SCOAs at incrementally more

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<sup>18</sup> See proposed Exchange Rule 5.33(d)(2)(A).

<sup>19</sup> See proposed Exchange Rule 5.33(d)(2)(B). The System means the Exchange's hybrid trading platform that integrates electronic and open outcry trading of option contracts on the Exchange, and includes any connectivity to the foregoing trading platform that is administered by or on behalf of the Exchange, such as a communications hub. See Exchange Rule 1.1.

<sup>20</sup> See Notice, 91 FR at 14740.

<sup>21</sup> See proposed Exchange Rule 5.33(d)(2)(D). The SCOA will terminate prior to the end of the Response Time Interval if (i) the System receive an order in a leg of the complex strategy that would improve the SBBO on the same side as the SCOA order(s) to a price better than the limit price of any of the SCOA orders; or (ii) the System receives a Priority Customer order in a leg of the complex strategy that would cause the SBBO on the same side as the SCOA order(s) to equal the limit price of any of the SCOA orders. See proposed Exchange Rule 5.33(d)(2)(D).

<sup>22</sup> See proposed Exchange Rule 5.33(d)(2)(E).

<sup>23</sup> See proposed Exchange Rule 5.33(d)(2)(F).

aggressive starting prices until all orders are filled, the limit price has been reached, or the then-current opposite side SBBO price has been used as the last auction start price.<sup>24</sup> The System enters any SCOA order(s) that do not execute at the end of the SCOA iterations into the COB if the order(s) are eligible to rest in the COB.<sup>25</sup>

III. Proceedings to Determine Whether to Approve or Disapprove SR-CBOE-2026-024 and Grounds for Disapproval under Consideration

The Commission is instituting proceedings pursuant to Section 19(b)(2)(B) of the Act<sup>26</sup> to determine whether the proposed rule change should be approved or disapproved. Institution of such proceedings is appropriate at this time in view of the legal and policy issues raised by the proposed rule change. Institution of proceedings does not indicate that the Commission has reached any conclusions with respect to any of the issues involved. Rather, as described below, the Commission seeks and encourages interested persons to provide comments on the proposed rule change.

Pursuant to Section 19(b)(2)(B) of the Act,<sup>27</sup> the Commission is providing notice of the grounds for disapproval under consideration. The Commission is instituting proceedings to allow for additional analysis of the proposed rule change's consistency with the Act and, in particular, with Section 6(b)(5) of the Act,<sup>28</sup> which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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>24</sup> See proposed Exchange Rule 5.33(d)(2)(F)(ii).

<sup>25</sup> See proposed Exchange Rule 5.33(d)(2)(F)(iii).

<sup>26</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>27</sup> Id.

<sup>28</sup> 15 U.S.C. 78f(b)(5).

investors and the public interest, and not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Under the Commission’s Rules of Practice, the “burden to demonstrate that a proposed rule change is consistent with the Exchange Act and the rules and regulations issued thereunder . . . is on the self-regulatory organization that proposed the rule change.”<sup>29</sup> The description of a proposed rule change, its purpose and operation, its effect, and a legal analysis of its consistency with applicable requirements must all be sufficiently detailed and specific to support an affirmative Commission finding,<sup>30</sup> and any failure of a self-regulatory organization to provide this information may result in the Commission not having a sufficient basis to make an affirmative finding that a proposed rule change is consistent with the Act and the applicable rules and regulations.<sup>31</sup> The Commission is instituting proceedings to allow for additional consideration and comment on the issues raised herein, including as to whether the proposal is consistent with the Act. The Commission asks that commenters address the sufficiency of the Exchange’s statements in support of the proposal, which are set forth in the Notice, in addition to any other comments they may wish to submit about the proposed rule change. In particular, the Commission asks commenters to address whether the proposal includes sufficient information and analysis to support a finding that the proposal is consistent with the requirements of Section 6(b)(5) of the Act.

#### IV. Procedure: Request for Written Comments

The Commission requests that interested persons provide written submissions of their views, data, and arguments with respect to the issues identified above, as well as any other

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<sup>29</sup> 17 CFR 201.700(b)(3).

<sup>30</sup> See id.

<sup>31</sup> See id.

concerns they may have with the proposal. In particular, the Commission invites the written views of interested persons concerning whether the proposal is consistent with Section 6(b)(5) or any other provision of the Act, and the rules and regulations thereunder. Although there do not appear to be any issues relevant to approval or disapproval that would be facilitated by an oral presentation of views, data, and arguments, the Commission will consider, pursuant to Rule 19b-4, any request for an opportunity to make an oral presentation.<sup>32</sup>

Interested persons are invited to submit written data, views, and arguments regarding whether the proposed rule change should be approved or disapproved by [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. Any person who wishes to file a rebuttal to any other person's submission must file that rebuttal by [INSERT DATE 35 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

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-2026-024 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.

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<sup>32</sup> Section 19(b)(2) of the Act, as amended by the Securities Acts Amendments of 1975, Pub. L. 94-29 (June 4, 1975), grants the Commission flexibility to determine what type of proceeding—either oral or notice and opportunity for written comments—is appropriate for consideration of a particular proposal by a self-regulatory organization. *See* Securities Acts Amendments of 1975, Senate Comm. on Banking, Housing & Urban Affairs, S. Rep. No. 75, 94th Cong., 1st Sess. 30 (1975).

All submissions should refer to file number SR-CBOE-2026-024. 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-2026-024 and should be

submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. Rebuttal comments should be submitted by [INSERT DATE 35 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>33</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>33</sup> 17 CFR 200.30-3(a)(57).