

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106216; File No. SR-CBOE-2026-004]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2, to Adopt VIX Future-Option Orders

August 28, 2026.

I. Introduction

On January 5, 2026, Cboe Exchange, Inc. (“Exchange” or “Cboe”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to permit orders comprised of Cboe Volatility Index (“VIX”) options and VIX futures (“VX futures”) (“VIX future-option orders”). The proposed rule change was published for comment in the Federal Register on January 16, 2026.³ On March 6, 2024, pursuant to Section 19(b)(2) of the Act,⁴ 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 rule change.⁵ On April 9, 2026, the Commission instituted proceedings under Section 19(b)(2)(B) of the Act⁶ to determine whether to approve or disapprove the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 104588 (Jan. 13, 2026), 91 FR 2209.

⁴ 15 U.S.C. 78s(b)(2).

⁵ See Securities Exchange Act Release No. 104865 (Feb. 19, 2026), 91 FR 8928 (Feb. 24, 2026). The Commission designated April 16, 2026, as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

⁶ 15 U.S.C. 78s(b)(2)(B).

proposed rule change.⁷ On July 8, 2026, the Commission designated a longer time for Commission action on the proposed rule change.⁸ The Commission received no comments regarding the proposed rule change. On August 6, 2026, the Exchange filed Amendment No. 1 to the proposed rule change, which replaces and supersedes the original filing in its entirety.⁹ On August 17, 2026, the Exchange filed Amendment No. 2 to the proposal.¹⁰ The Commission is publishing this notice and order to solicit comment on Amendment No. 1 in Sections II and III below, which sections are being published verbatim as filed by the Exchange, and to approve the proposed rule change, as modified by Amendment Nos. 1 and 2, on an accelerated basis.

II. 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 to permit orders comprised of Cboe Volatility Index (“VIX”) options (“VIX options”) (which trade on the Exchange) and VIX futures (“VX futures”) (which trade on Cboe Futures Exchange,

⁷ See Securities Exchange Act Release No. 105188 (Apr. 9, 2026), 91 FR 19245 (Apr. 14, 2026).

⁸ See Securities Exchange Act Release No. 105864 (July 8, 2026) 91 FR 42989 (July 13, 2026). The Commission designated September 13, 2026, as the date by which the Commission shall either approve or disapprove the proposed rule change.

⁹ Amendment No. 1 revises the proposal to: (1) clarify that the scope of the proposal is limited to VIX future-option orders by revising rule text and language in the original proposal that could have applied generically to any future-option orders not just VIX future-option orders; (2) provide additional discussion of the proposed FLEX VIX future-option orders; (3) revise the process for submitting the VX futures component(s) of a VIX future-option order to the Chicago Futures Exchange; (4) provide additional discussion of the regulatory oversight of the VIX options and VX futures components of VIX future-option orders; and (5) allow VIX future-option orders to be entered as Immediate-or-Cancel (“IOC”) orders. Amendment No. 1 is available at: <https://www.sec.gov/comments/SR-CBOE-2026-004/srcboe2026004-994519-3111886.pdf>.

¹⁰ Amendment No. 2 revises the proposal to correct technical errors in the text of proposed Exchange Rule 5.33, Interpretation and Policy .05. Because the changes in Amendment No. 2 are technical in nature and do not materially alter the substance of the proposal, Amendment No. 2 is not subject to notice and comment. Amendment No. 2 is available at: <https://www.sec.gov/comments/SR-CBOE-2026-004/srcboe2026004-1006080-3202926.pdf>.

LLC's ("CFE")) ("VIX future-option orders"). The text of the proposed rule change is provided below.

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/cone/), and at the principal office of the Exchange.

III. 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 its Rules to permit VIX future-option orders. The Exchange understands it is common for investors to engage in hedging or other investment strategies that involve VIX options and VX futures, given they both overlie the same index. However, to execute those strategies, investors must submit a VIX options order to the Exchange and separately submit a VX futures order to CFE, which is the designated contract market ("DCM") on which the VX futures trade. For example, market participants may obtain positions in VIX options through a transaction on the Exchange and hedge those positions by entering into a separate transaction on CFE for VX futures. Separate executions of this sort create additional

risks, including risk that one order will execute while the other does not and price risk resulting from the time it takes to complete both transactions. The Exchange understands that due to those risks and the complexities of multi-part transactions, market participants may instead transact in the over-the-counter (“OTC”) market or not obtain a hedge at all. The proposed rule change adopts a mechanism to facilitate the execution of these cross-product transactions in a simple, efficient manner that reduces these execution and price risks.

First, the Exchange proposes to adopt a definition of a VIX future-option order. Specifically, the proposed rule change amends Rule 1.1 to define a “VIX future-option order”¹¹ as an order to buy or sell a stated number of units of VX futures contract(s) coupled with the purchase or sale of a VIX option contract(s) on the Exchange.

The proposed definition of a VIX future-option order includes a risk offset requirement. A User¹² may only submit a VIX future-option order if it satisfies the applicable risk offset requirement. The Exchange believes a risk offset requirement will provide market participants with sufficient flexibility to execute legitimate strategies comprised of VIX options and VX futures while preventing a market participant from using the proposed execution mechanism to execute a VX futures trade outside of the normal trading process on CFE by combining the VX future leg(s), for example, with an inexpensive out-of-the-money VIX option leg.

¹¹ As proposed, a “VIX future-option order” is deemed an inter-regulatory spread order for purposes of the Rules. Rule 1.1 defines an inter-regulatory spread order as an order involving the simultaneous purchase and/or sale of at least one unit in contracts each of which is subject to different regulatory jurisdictions at stated limits, or at a stated differential, or at market prices on the floor of the Exchange. The proposed rule change amends the definition of inter-regulatory spread order to provide that, with respect to VIX future-option orders, market prices are those on the Exchange, not just the floor of the Exchange, given that trading on the Exchange currently occurs both on the trading floor and electronically. As proposed, VIX future-option orders are eligible for electronic processing only and not for trading in open outcry on the Exchange’s trading floor (and thus must be designated as Electronic Only).

¹² Rule 1.1 defines User as any Trading Permit Holder (“TPH”) or Sponsored User (as described in Rule 6.30 – there are currently no Sponsored Users on the Exchange) who is authorized to obtain access to the Exchange’s System pursuant to Rule 5.5.

Pursuant to paragraph (a) of the proposed definition of VIX future-option order, a VIX future-option order must be comprised of “groups” of offsetting VX future and VIX options legs. The VX future and VIX option components of each group must have the same expiration, and the VX future leg(s) in a group must provide a risk offset to the VIX option leg(s) in that group of no less than 10% and no greater than 125%. A VIX future-option order satisfies this risk offset requirement if the delta value of each group is no greater than -0.10 and no less than -1.25.¹³ The delta value¹⁴ of VIX option leg equals the expected change in the price of that option contract given a \$1.00 change in the value of VIX. The delta value of a VX future leg equals one. The delta value of each VIX option leg is multiplied by its multiplier of 100, and the delta value of each VX future leg is multiplied by its multiplier of 1,000. The sum of the VX future legs delta values divided by the sum of the VIX option legs delta values equals the delta value for the order.

For example, suppose a VIX future-option order is submitted with the following components:

- Sell 1 Dec VX future with a delta of -1
- Buy 2 Jan VX futures with delta of 1
- Buy 16 Dec VIX option calls with a delta of 0.50

¹³ The System rejects a VIX future-option order if any VIX option contract leg or VX future contract leg cannot be grouped with any VX future leg(s) or VIX option leg(s), respectively.

¹⁴ A User must include a reasonable delta value for each VIX option leg when submitting a VIX future-option order (excluding auction responses) to the Exchange. See paragraph (b) of proposed definition of VIX future-option order in Rule 1.1. While a user may use any methodology it chooses to calculate the delta value of option legs, the value must be reasonable and will be subject to surveillance by the Exchange’s regulatory division (similar to surveillance the Exchange currently conducts to determine reasonability, such as when evaluating whether a qualified contingent transaction is fully hedged). The System will use the user-submitted delta values to calculate the risk offset for the entire order. The proposed rule change will permit the System to calculate whether the delta value of a group satisfies the risk offset requirement. Auction responses need not include the reasonable delta value because the risk offset requirement would have already been deemed to be satisfied upon acceptance of the auctioned order.

- Buy 35 Jan VIX option puts with a delta of -0.60

The 1 short Dec VX future is grouped with the 16 long Dec VIX calls, which group has a delta of $(-1 \times 1,000)/(16 \times .50 \times 100) = -1,000/800 = -0.125$. The 2 long Jan VX futures are grouped with the 35 short Jan VIX puts, which group has a delta of $(2 \times 1,000)/(35 \times -0.60 \times 100) = -2,000/2,100 = -0.9524$. This order would satisfy the risk offset requirement, as both groups have a delta between -0.10 and -1.25.

If the System determines that a complex strategy comprised of VX future (at a price specified by the User upon order entry)¹⁵ and VIX option legs satisfies the risk offset requirement, it accepts all VIX future-option orders for that complex strategy for the remainder of that trading day. This will prevent a situation in which a specific strategy for a VIX future-option order satisfies the risk offset requirement earlier in the trading day but not later in the trading day due to changes in market conditions, which would prevent that earlier order from potential execution. For example, suppose a User submits a VIX future-option order for a specific complex strategy at 10:00 a.m., and the Exchange accepts it because the risk offset requirement is satisfied. The order does not immediately execute and rests on the COB. At 2:00 p.m., a different User sees that VIX future-option order resting on the Book and wants to trade against it. It submits a contra-side order for the same complex strategy; however, market conditions have changed, so that strategy no longer satisfies the risk offset requirement and the Exchange does not accept it. The proposed rule change will allow a VIX future-option order for a specific complex strategy accepted during a trading day to have execution opportunities

15 A User must include a net price for the option leg(s) and a specified price for each futures leg of a future-option order. See proposed subparagraph (b)(3) of the definition of future-option order in Rule 1.1.

throughout that trading day, despite market conditions changes that may cause that strategy to not satisfy the risk offset requirement at all times during that trading day.¹⁶

The proposed rule change also amends the definition of “complex order” in Rule 1.1 to provide that unless the context otherwise requires, the term complex order will include VIX future-option orders.¹⁷

The proposed rule change adds VIX future-option order to the list of types of complex orders that may be accepted for electronic trading. Specifically, the proposed rule change amends Rule 5.33(b)(5) to reference the proposed definition of VIX future-option order in Rule 1.1 and state that only VIX future-option orders with no more than the applicable number of legs are eligible for electronic processing.¹⁸ The System electronically handles and processes VIX future-option orders in the same manner as other complex orders submitted to the System, except as otherwise specified below. Specifically, VIX future-option orders submitted for electronic processing may execute pursuant to a complex order auction (“COA”) if eligible as described in Rule 5.33(d) or in the complex order book (“COB”) as described in Rule 5.33(e) and will execute in the same manner as other complex orders, except as described below. VIX future-option orders may also be submitted for execution (if eligible) in the complex automated improvement mechanism (“C-AIM”) as described in Rule 5.38 or complex solicitation auction mechanism (“C-SAM”) as described in Rule 5.40. Processing of VIX future-option orders

¹⁶ It is for this reason a User may only designate a VIX future-option order submitted for electronic processing as Day (an order that, if not executed, expires at the applicable market close) or Immediate or Cancel (“IOC”). See proposed Rule 1.1 (proposed paragraph (b)(1) of definition of VIX future-option order).

¹⁷ The term complex order already includes cross-product orders such as stock-option orders and security future-option orders.

¹⁸ The definition of stock-option order in Rule 5.33(b)(5) similarly permits stock-option orders with no more than the applicable number of legs permitted by the Exchange for electronic processing.

through C-AIM or C-SAM will occur in the same manner as any other complex orders submitted into those execution mechanisms.

The proposed rule change also amends Rule 5.70(b) to provide that the Exchange may make VIX future-option orders available for flexible (FLEX) options trading. In connection with this change, the proposed rule change amends Rule 4.21(b) to provide that the submitting FLEX Trader of a FLEX VIX future-option order may not modify the terms of the VX future leg(s), as the terms of VX futures are determined by CFE. In other words, a submitting FLEX Trader may designate the terms of the VIX options legs of a VIX future-options order submitted for FLEX trading in the same manner as they may designate the terms of any VIX options submitted for FLEX trading; however, the submitting FLEX Trader may not designate terms of the VX futures leg(s) of the order. Additionally, the proposed rule change adds Rule 5.72(b)(2)(C) to describe additional requirements for FLEX trading that will apply to VIX future-option orders.

Specifically, the proposed rule change provides that a FLEX VIX future-option order submitted into the System for an electronic FLEX Auction pursuant Rule 5.72(c) or any other electronic FLEX auction mechanism available under the Rules (such as the FLEX automated improvement mechanism described in Rule 5.73 or the FLEX solicitation auction mechanism described in Rule 5.74) must include a specified price for each VX futures leg (as is required for non-FLEX VIX future-option orders as proposed). Further, the proposed rule change provides if the VX futures leg(s) of a FLEX VIX future-option order cannot execute at the price(s) specified by the submitting User upon order entry, it will be cancelled (also as is required for non-FLEX VIX future-option orders as proposed).

The Exchange proposes to amend Rule 5.33 to describe how VIX future-option orders may execute electronically on the Exchange, which process is substantially similar to that for

stock-option orders. As proposed in Rule 5.33(o), when a User submits to the System a VIX future-option order, the Exchange will electronically communicate the VX future component (at the price specified by the User upon order entry) of the VIX future-option order to CFE on behalf of the User (if the User is also a CFE member) or the designated FCM/IB (as defined below) (if the User is not also a CFE member, as described in proposed Interpretation and Policy .05).¹⁹

Proposed Interpretation and Policy .05 provides that to submit a VIX future-option order to the Exchange for execution, if the User is not also a CFE member, a User must enter into an agreement with one or more futures commission merchants (“FCMs”) or introducing brokers (“IBs”) that are not affiliated with the Exchange, which FCM/IB(s) the Exchange has designated as being registered with the Exchange to serve as a routing broker for the VX futures components of VIX future-option orders.²⁰ A User that is not also a CFE member must designate on each VIX future-option order submitted to the Exchange the FCM/IB that is the routing broker for the VX future component of that order. This will provide Users with flexibility to pick which FCM/IB will communicate the VX futures components of their orders for execution (if an FCM/IB is necessary for communication of the VX futures component to CFE) if there are multiple possible FCM/IBs that register with the Exchange to serve as a routing broker for the VX components of VIX future-option orders.²¹

¹⁹ Unlike stock, a future trades on one DCM, which would make such direct communication with the DCM possible. This would only be available if the DCM and Exchange established electronic communication between the two markets to permit this direct communication of the futures component, as is the case with CFE.

²⁰ This requirement is substantially similar to that required for stock-option orders. See Rule 5.33(l)(1) and Interpretation and Policy .04.

²¹ The Exchange intends to establish a process that would permit one or more FCMs/IBs that are members of CFE to serve as a routing broker by registering with the Exchange. While the Exchange communicates the VX future component of a VIX future-option order to CFE on behalf of the FCM/IB designated by each

Proposed Rule 5.33(o)(2) provides that a VIX future-option order may execute against other VIX future-option orders (or COA Responses, if applicable), but may not execute against orders in the Simple Book.²² If a VIX future-option order can execute upon entry or following a COA (or other auction mechanisms set forth in the Rules),²³ or if it can execute following evaluation while resting in the COB pursuant to Rule 5.33(i), the System executes the VIX option component(s) of a VIX future-option order against the option component of other VIX future-option orders resting in the COB or COA (or other auction mechanism) responses pursuant to the allocation algorithm applicable to the class (pursuant Rule 5.33(d)(5)(A)(ii)), as applicable, but does not immediately send the User a trade execution report, and then automatically communicates the VX future component(s) (at the price specified by the User upon order entry) to CFE for execution. Each VX futures component of a VIX future-option order may only execute at the price specified by the User upon entry of the order into the System. In other words, despite being exposed as part of the VIX futures-option order on Cboe, the price of a VX futures component of a VIX futures-option order is not negotiable. Any price competition and improvement for a VIX futures-option order will occur with respect only to the VIX options components of the order. If the System receives an execution report for the VX future component(s) (at the price(s) specified by the User upon order entry) from CFE on behalf of the User²⁴ or the designated FCM/IB, as applicable, the Exchange sends the User the trade

User that is a party to the transaction, and CFE will communicate whether the VX future component of a VIX future-option order was executed to the Exchange, the designated FCM/IB is agent and broker for the executing User and will receive copies of any VX future execution reports.

²² See also proposed Rule 5.33(g)(5) (which provides that VIX future-option orders, like stock-option orders, may not leg into the Simple Book).

²³ For example, if the Exchange designates VIX future-option orders as eligible for the Complex Automated Improvement Mechanism (“C-AIM”) pursuant to Rule 5.38, execution of a VIX future-option order through C-AIM would occur in the same manner as set forth in proposed Rule 5.33(o).

²⁴ This applies to each User that is a party to a trade, including auction responders.

execution report for the VIX future-option order, including execution information for the VX future and VIX option components. If the System receives a report from CFE that the VX future component(s) cannot execute at the price(s) specified by the User upon order entry,²⁵ the Exchange nullifies the VIX option component(s) trade and notifies the User of the reason for the nullification. If a VIX future-option order is not marketable, it rests in the COB (if eligible to rest), subject to a User's instructions.

The proposed rule change adopts rule 5.33(f)(1)(C) to provide that Users may express bids and offers for a VIX future-option order in the number of decimals permissible for VX futures, which will permit the Exchange to accommodate the available pricing of futures.²⁶ The minimum increment for the option leg(s) of a VIX future-option order is \$0.01 or greater, which the Exchange may determine on a class-by-class basis, regardless of the minimum increments otherwise applicable to the VIX option leg(s),²⁷ and the VX future leg(s) of a future-option order may be executed in any decimal price CFE permits. The Exchange notes that even with the flexibility provided in the proposed rule with respect to the permissible prices for VX futures, the individual options legs must trade at increments as set forth in the Rules for VIX options.

Proposed Rule 5.33(o)(2) provides that a VIX future-option order may only execute if the price complies with proposed subparagraph (f)(2)(C), which describes the permissible execution

²⁵ Execution of the VX futures components will need to satisfy requirements of CFE, including informational and reporting time requirements, risk controls, and price restrictions because execution of VX futures components will be subject to CFE rules. Pursuant to Rule 5.33(k), trading in any complex strategy (including one that comprises a VIX future-option order) is suspended if any component of a complex strategy (including a VX future leg) is halted. Therefore, if trading in a VX future is halted, it could not execute and would result in the VIX future-option order not being executed.

²⁶ The current minimum increment for VX futures on CFE is 0.05 index points (equivalent to \$0.05), and the individual legs and net prices of spread trades in the VX futures contract may be in increments of 0.01 index points (equivalent to \$0.01).

²⁷ This is consistent with the permissible pricing of options legs of complex orders and stock-option orders. See Rule 5.4(b) and 5.33(f)(A) and (B).

prices and priority of the VIX options components of the VIX future-option orders (which are substantially similar to that of stock-option orders). Specifically, proposed Rule 5.33(f)(2)(C) states for a VIX future-option order with one VIX option leg, the VIX option leg may not trade at a price worse than the individual component price on the simple Book or at the same price as a priority customer order on the Simple Book.²⁸ For a VIX future-option order with more than one VIX option leg, the VIX option legs must trade at price pursuant to Rule 5.33(f)(2)(A) (applicable to conforming complex orders, as VIX future-option orders are defined as conforming complex orders, as discussed below), which is the permissible execution prices and priority for conforming complex orders comprised of solely option legs. The System, therefore, will not execute a VIX future-option order at a net price: (1) that would cause any VIX option component of the complex strategy to be executed at a price of zero; (2) that would cause any VIX option component of the complex strategy to be executed at a price worse than the individual component prices on the simple Book; (3) worse than the price that would be available if the complex order legged into the simple Book; or (4) worse than the synthetic best bid or offer (“SBBO”)²⁹ or equal to the SBBO when there is a priority customer order on any leg comprising the SBBO and³⁰ at least one VIX option component of the complex order must execute at a price that improves the best bid or offer (“BBO”) for that component by at least one

²⁸ The DCM will check the prices of the futures legs to ensure the prices are consistent with its execution requirements (including those related to price and risk).

²⁹ Because the price(s) of the future leg(s) is specified by the User at the time of order entry, the proposed rule change amends the definition of SBBO in Rule 5.33(a) to provide that, for a future-option order, the SBBO is the best net bid and best net offer on the Exchange for a complex strategy calculated using the BBO for each option component (or the national best bid or offer (“NBBO”) for a component if the BBO for that component is not available).

³⁰ The proposed rule change amends the definition of “conforming complex order” in Rule 1.1 to include a future-option order. As discussed above, a future-option order must satisfy a risk offset to be entered into the System, which is intended to prevent misuse of this mechanism and permit entry of legitimate strategies comprised of options and futures. The Exchange believes it is, therefore, appropriate to define all future-option orders as conforming.

minimum increment.³¹ Pursuant to these proposed changes, the VIX option component(s) of a VIX future-option order will ultimately trade in the same manner and in accordance with the same priority principles as they would if they had been submitted without a VX future leg. Additionally, each component of a VIX future-option order will clear in the same manner as they would if they executed in separate trades. Specifically, each executed VIX option leg of a VIX future-option order will clear at The Options Clearing Corporation (“OCC”) in the same manner as it would if the VIX option executed in a simple transaction on Cboe. Similarly, each VX future leg of a VIX future-option order will clear at OCC in the same manner as it would if the VX future executed in a simple transaction on CFE.

Unlike the stock component of stock-option orders, the VX futures leg(s) of a VIX future-option order may only on CFE if the VX future leg(s) is executable at the price(s) specified by the User upon order entry. Therefore, while the VIX options legs may execute at prices that satisfy the net price and may be improved through exposure on the Exchange, the price(s) of the VX future leg(s) are set upon order entry, as noted above. Specifically, despite being exposed as part of the VIX futures-option order on Cboe, the price of a VX futures component of a VIX futures-option order may not be negotiated once submitted to the Exchange. The price(s) specified by the User upon order entry for VX future leg(s) must be permissible by the CFE rules. As described above and in proposed Rule 5.33(o)(2), after execution of the VIX options component(s) on the Exchange, if CFE is unable to execute the VX futures the component(s) electronically communicated to it at the price(s) specified by the User upon order

³¹ All-or-none complex orders (including VIX future-option orders) may only execute at prices better than the SBBO.

entry,³² the VIX options executions are unwound and no execution of the VIX future-option order occurs. Any price competition and improvement for a VIX futures-option order will occur with respect only to the VIX options components of the order. Price competition for a VIX future-option order exposed on the Exchange will, therefore, occur with respect to the VIX option leg(s) only, and the package execution price will reflect the net price of the VIX option leg(s) and the price(s) of the VX future leg(s) specified by the User upon order entry.

The Exchange believes the proposed execution process for VIX future-option orders is reasonable, because the VIX options and VX futures components of a VIX future-option order are submitted for execution as part of the same investment strategy.³³ Given this, if the VX future component(s) does not execute, the Exchange believes it is reasonable to expect that a User that submitted a VIX future-option order would request nullification of the VIX options trade (as permitted by Rule 6.5). If the VX future component(s) does not execute, rather than require the User that submitted the VX future-option order to contact the Exchange to request nullification of the VIX option component(s) execution pursuant to Rule 6.5, the proposed rule eliminates this requirement for the User to make such request. Instead, the proposed rule change provides that the Exchange will automatically nullify the option transaction if the VX future component(s) does not execute. The Exchange believes such nullification without a request from the User is consistent with the purpose of VIX future-option orders, as contingent execution at or

³² As noted above, execution of the VX futures components will need to satisfy requirements of CFE's Rules, including informational and reporting time requirements, risk controls, and price restrictions, because execution of VX futures components are subject to CFE rules.

³³ The electronic processing of VIX future-option orders through any execution mechanism available for complex orders, including on the COB or through COA, C-AIM, or C-SAM, will be the same as it is for any complex orders.

near the same time (and thus reduction in price and execution risk) is one of the primary goals of VIX future-option orders (as further discussed below).³⁴

The Exchange proposes to amend Rule 6.5, Interpretation and Policy .07 to describe how a VIX future-option order may qualify as an obvious error. As proposed, VIX future-option orders will be handled in a similar manner as stock-option orders for purposes of Rule 6.5. Specifically, if the VIX option leg of a VX future-option order qualifies as an obvious error under Rule 6.5(c)(1) or catastrophic error under Rule 6.5(d)(1), then the option leg that is an obvious or catastrophic error will be adjusted in accordance with Rule 6.5(c)(4)(A) or (d)(3), respectively, regardless of whether one of the parties is a customer. However, the VIX option leg of any customer VIX future-option order will be nullified if the adjustment would result in an execution price higher (lower) for buy (sell) transactions than the customer's limit price on the VIX future-option order, and the Exchange will attempt to nullify the VX future leg. Whenever CFE nullifies the VX futures leg(s) of a VIX future-option order or whenever the VX future leg(s) cannot be executed (including at the price by the User upon order entry), the Exchange will nullify the VIX option leg upon request of one of the parties to the transaction or in accordance with Rule 6.5(c)(3). While this has the same effect as nullification of the VIX option leg(s) transactions set forth in proposed 5.33(o)(2), the proposed nullification in Rule 6.5, Interpretation and Policy .07 occurs at a different time, in a different manner, and for different reasons. Rule 5.33(o)(2) is nearly instantaneous nullification of the execution of the VIX option leg(s) if it is communicated to the Exchange that the VX futures leg(s) was unable to execute. In that situation, the customer receives no fill report as the VIX future-option order was not fully

³⁴ This proposed process to nullify (without request) the option leg(s) of a VIX future-option order if the DCM nullifies the VX future leg(s) of the order is consistent with the process used for stock-option orders. See Rule 6.5, Interpretation and Policy .07(c).

executed. However, with respect to Rule 6.5, Interpretation and Policy .07, nullification pursuant to this provision permits nullification of the VIX option leg(s) if an execution of a VIX future-option order occurred, but the VX future leg(s) execution was nullified at a later time by CFE pursuant to its rules.

Finally, the proposed rule change adds Interpretation and Policy .02 to Rule 6.6 to clarify that TPHs may update only the VIX option component of a VIX future-option order trade using Clearing Editor (and as permitted by Rule 6.6). Any updates to the VX future component would need to be done in accordance with CFE rules (if permissible) given that the VX future component of a VIX future-option order ultimately executes in accordance with CFE's Rules.³⁵ The Clearing Editor is an Exchange tool available only to correct information specific to option executions.³⁶

Activity related to the execution of the VIX options components of VIX future-option orders will be subject to Commission jurisdiction, and activity related to the execution of the VX futures components of VIX future-option orders will be subject to Commodity Futures Trading Commission ("CFTC") jurisdiction.³⁷ Further, each of the Exchange and CFE will regulate

³⁵ The proposed rule change also adds that the same would be true for security-future orders, which are not currently listed for trading on the Exchange.

³⁶ The Exchange notes Rule 6.6 permits TPHs to update the MPID of a stock component of a stock-option order, but that is a securities concept and thus Clearing Editor does not contain the functionality to update any corresponding futures field. However, unlike options components, TPHs cannot use Clearing Editor to update order-specific fields for stock components as they can for option components. Therefore, the proposed rule change is effectively consistent with the Clearing Editor use for stock components. Any post-execution changes to VX futures components of VIX future-option orders would need to occur pursuant to CFE rules.

³⁷ On September 9, 2025, CFE submitted to the CFTC a rule certification filing to adopt rules regarding VIX future-option orders (which filing became effective ten business days following such filing date, however CFE stated in that filing it would not implement the functionality until the Exchange amended its rules to permit VIX future-option orders). See CFE Rule Certification Submission Number CFE-2025-021 (September 9, 2025), [available at https://www.cftc.gov/sites/default/files/filings/orgrules/25/09/rules09092530095.pdf](https://www.cftc.gov/sites/default/files/filings/orgrules/25/09/rules09092530095.pdf). CFE submitted to the CFTC an additional rule certification (which filing became effective ten business days following such rule

conduct relating to VIX future-option orders and trades with respect to compliance with its respective rules (i.e., the Exchange will regulate conduct relating to the VIX options legs of VIX future-option orders and CFE will regulate conduct relating to the VX futures legs of VIX future-option orders), including bringing disciplinary actions for violations of its respective rules. The Exchange and CFE have an existing information sharing agreement that encompasses information relating to the proposed VIX future-option orders and trades. This would allow for the sharing of information between the Exchange and CFE to permit the Exchange to have access to all order, trade, regulatory, and other data relating to these orders and trades (CFE will also have access to such information regarding these orders and trades).

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.³⁸ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)³⁹ 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

filing and similarly notes CFE would not implement the functionality until the Exchange amended its rules to permit VIX future-option orders) to update its VIX future-option orders to reflect modifications to how VX future leg(s) will be routed to CFE, which modifications are proposed in this Amendment No. 1. See CFE Rule Certification Submission Number CFE-2026-014 (July 1, 2026), [available at https://www.cftc.gov/filings/orgrules/rules0701268664.pdf](https://www.cftc.gov/filings/orgrules/rules0701268664.pdf). To the extent CFE submits to the CFTC any additional rule certification filings related to VIX future-option orders that must become effective prior to the implementation of the proposed functionality, the Exchange would not launch VIX future-option order functionality until any such filings became effective.

³⁸ 15 U.S.C. 78f(b).

³⁹ 15 U.S.C. 78f(b)(5).

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 is consistent with the Section 6(b)(5)⁴⁰ 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 the proposed rule change 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 investors with greater opportunities to manage risk. The proposed rule change would provide investors with a more efficient mechanism to execute strategies involving VIX options and VX futures, which investors regularly trade as part of hedging, management of risk exposure, and other investment strategies. The proposed execution mechanism for VIX future-option orders will make the trading and hedging process for investment strategies comprised of VIX option and VX future components more efficient, which will reduce execution, legging, and price drift risk that otherwise accompanies the current execution process for these strategies. For example, today, investors looking to execute an investment strategy comprised of VIX option and VX future components must do so through separate trades – one for the options on the Exchange and one for the futures on CFE. This creates risk that one trade occurs but the other does not, which may leave an investor with an unhedged position. Additionally, separate transactions create risk because market conditions may change between the time it takes to execute both transactions, which may make the full package execute in an unfavorable manner for the investor. Investors may continue to execute these strategies as separate transactions as they do today if they so choose. However, the addition of the proposed electronic execution process would provide

⁴⁰

Id.

investors with an optional, alternative means to execute strategies comprised of VX future and VIX options components that would reduce these risks, as it would permit the entire package to be priced together and will result in an execution only if both the options and futures components are able to trade. The proposed single execution mechanism, therefore, expands the ability of market participants to engage in cross-product investment and hedging transactions, which the Exchange believes will contribute to reduced overall market risk and increased liquidity in the listed markets for products overlying the VIX.

The Exchange believes the proposed rule change is designed to prevent fraudulent and manipulative acts and practices and to promote just and equitable principles of trade. The proposed risk offset requirement is designed to provide market participants with sufficient flexibility to execute legitimate options strategies comprised of options and futures while preventing misuse of this mechanism, such as a market participant using the proposed execution mechanism to execute a futures trade outside of the normal trading process on CFE by combining a VX future leg(s), for example, with an inexpensive out-of-the-money option leg. As noted above, the Exchange determined the proposed risk offset range based on experience with and feedback from market participants, as well as a review of the risk offsets of transactions involving VX futures and VIX options. As a result, we feel this range would accommodate their investment strategies. Additionally, the Exchange manually reviewed the risk offsets of executed Exchange of Contract for Related Positions (“ECRPs”) that occurred in accordance with CFE rules (which market participants engage in to exchange future positions for options positions) over a six-month period. None of those ECRP transactions had a risk offset outside of the 10% to 125% range. The Exchange believes review of the risk offsets in ECRPs is informative, as it is a common investment strategy comprised of options and futures positions.

As discussed above, the Commission and the CFTC will maintain jurisdiction over execution of the options and futures components, respectively, of VX future-option orders. Further, each of the Exchange and CFE will regulate conduct relating to future-option orders and trades with respect to compliance with its rules, including bringing disciplinary actions for violations of its rules (i.e., the Exchange will regulate conduct relating to the VIX options legs of VIX future-option orders and CFE will regulate conduct relating to the VX futures legs of VIX future-option orders).⁴¹ The Exchange and CFE have an existing information sharing agreement that encompasses information relating to the proposed VIX future-option orders and trades. This would allow for the sharing of information between the Exchange and CFE to permit each of the Exchange and CFE to have access to all order, trade, regulatory, and other data relating to these orders and trades, and thus facilitate the intermarket surveillance of future-option orders. As a self-regulatory organization, the Exchange recognizes the importance of surveillance, among other things, to detect and deter fraudulent and manipulative trading activity as well as other violations of Exchange rules and the federal securities laws. The Exchange's current rules prohibiting market manipulation and fraudulent, noncompetitive, and disruptive trading practices will apply to VIX future-option orders. The Cboe Regulatory Division will incorporate information it receives from CFE into its surveillance procedures to monitor trading of VIX future-option orders, including to detect any manipulative trading activity. The Exchange believes its surveillance, along with the proposed risk offset requirement and application of current surveillances to evaluate the reasonability of User-designated delta values, are reasonably designed to detect manipulative trading and enforce compliance with the proposed rules and

⁴¹ This would include any CFE rules related to the execution of the VX future component(s) of a future-option order.

other Exchange Rules. The Exchange performs ongoing evaluations of its surveillance program to ensure its continued effectiveness and will continue to review its surveillance procedures on an ongoing basis. The Exchange's Regulatory Division is currently evaluating its surveillance program to identify any necessary enhancements and/or modifications that may be needed for VIX future-option orders, which enhancements or modifications (if any) will be implemented prior the Exchange's launch of VIX future-option orders.

The Exchange believes the proposed execution process will also promote just and equitable principles of trade. As described above, VIX future-option orders will execute in a substantially similar way as complex orders, including stock-option orders. The proposed priority for VIX future-option orders will protect customer VIX option orders in the simple Book. As proposed, the VIX option component(s) of a VIX future-option order will ultimately trade in the same manner and in accordance with the same priority principles as they would if they had been submitted without a VX future leg(s). Further, the proposed process to nullify the VIX option component execution if the VIX future-option order does not execute is consistent with the purpose of the VIX future-option order. Given the VIX option and VX future components of a VIX future-option order are submitted as part of the same investment strategy, if the VX future component does not execute, the Exchange believes it is reasonable to expect that a User that submitted a VIX future-option to request nullification of the VX options trade in accordance with current Exchange Rules. If the VX future component does not execute, rather than require the User that submitted the VIX future-option order to contact the Exchange to request nullification of the VIX option component execution, the proposed rule eliminates the requirement for the User to make such request. Instead, the proposed rule change provides that the Exchange will automatically nullify the VIX option transaction if the VX future component

does not execute. The Exchange believes such nullification without a request from the User is consistent with the purpose of VIX future-option orders, as contingent execution at or near the same time (and thus reduction in price and execution risk) is one of the primary goals of VIX future-option orders (as further discussed below).

Additionally, the Exchange believes the availability of VIX future-option orders 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 investors with an alternative to the OTC market for investment strategies comprised of instruments (e.g., swaps and bilaterals) economically similar to VX futures and VIX options. The proposed rule change will provide investors with the ability to execute these investment strategies in a listed market environment as opposed to in the unregulated OTC market. The proposed rule change may shift liquidity from the OTC market onto the Exchange (as well as shift swaps and OTC combos from the OTC market onto designated contract markets in the form of futures), which the Exchange believes would increase market transparency as well as enhance the process of price discovery conducted on the Exchange through increased order flow to the benefit of all investors. The Exchange believes it may be a more attractive alternative to the OTC market, because trading these strategies in an exchange environment may benefit market participants in several ways, including but not limited to the following: (1) enhanced efficiency in initiating and closing out positions; (2) increased market transparency; and (3) heightened contra-party creditworthiness due to clearing requirements for listed options and futures.

The Commission previously determined that permitting investors to submit an order for execution to Cboe that included components subject to different regulatory jurisdictions was

consistent with the Act.⁴² Specifically, in 1988, the Commission approved a Cboe proposed rule change to allow inter-regulatory spread orders (which were defined as the simultaneous purchase and/or sale of at least one unit in contracts each of which is subject to different regulatory jurisdictions at stated limits, or at a stated differential, or at market prices on the floor of the Exchange) to trade on Cboe's trading floor.⁴³ The only substantive differences between that proposal and the proposed rule change regarding future-option orders are as follows:

- The proposed rule change would permit electronic execution only.⁴⁴ This merely reflects the advancement in the availability of electronic trading since 1988 and provides an additional manner of execution for VIX future-option orders.
- The proposed rule change does not create a separate pit on the Exchange's trading floor for the related futures as the prior proposal did. Given the advances in electronic trading (and the fact that many futures exchanges no longer have open outcry trading), the Exchange believes this is no longer necessary to permit VIX future-option orders.⁴⁵

These differences have no impact on the fundamental attributes of the underlying product that the Commission approved in 1988 and that the Exchange proposes in this filing, which is a multi-part order comprised of an option and a related future submitted to the Exchange for

⁴² Securities Exchange Act Release No. 26271 (November 10, 1988), 53 FR 46727 (November 18, 1988) (SR-CBOE-88-17) ("CBOE-CBOT JV Approval Order"); see also Securities Exchange Act Release No. 24235 (March 19, 1987), 52 FR 9750 (March 26, 1987) (SR-Phlx-86-43).

⁴³ See CBOE-CBOT JV Approval Order.

⁴⁴ The proposed rule change does not adopt VIX future-option orders for open outcry trading. The Exchange intends to add VIX future-option orders for open outcry trading at a later date and will submit a separate rule filing for that functionality.

⁴⁵ As an example, VX futures trade electronically only on CFE. For similar reasons, the Exchange believes structuring VIX future-option orders as a joint venture is unnecessary, as the individual components will continue to trade on the applicable market as proposed. As noted above, the Exchange will be able to share information with CFE for regulatory purposes.

pricing as a package, with execution of each component contingent on the other. When approving the prior proposal, the Commission stated that permitting execution of inter-regulatory spreads (including for hedging purposes) on the Exchange would “contribute to the mechanism of a free and open market by enhancing . . . market makers’ ability to hedge their positions with futures [and] enable market makers to better accommodate customer orders and to provide deeper and tighter markets.”⁴⁶ The Commission further stated that the proposed rule change was designed to minimize regulatory concerns, and clarifying the regulatory responsibility for each leg of an inter-regulatory spread (as the current filing does) would “expedite the enforcement of each jurisdiction’s regulations and foster coordination and cooperation between the jurisdictions involved.”⁴⁷ Ultimately, the Commission found that the proposal to execute inter-regulatory spreads on Cboe to be consistent with the requirements of the Act.⁴⁸ While some time has passed since approving inter-regulatory spreads (the Exchange notes the rules permitted execution of inter-regulatory spreads remained in Cboe’s Rulebook until 2005,⁴⁹ and the definition of an inter-regulatory spreads remains in Cboe’s Rulebook⁵⁰), the Exchange is unaware of any changes to Section 6(b)(5) of the Act since the Commission approved that the trading of inter-regulatory spreads that would prevent the Commission from approving future-option orders at this time.

⁴⁶ See CBOE-CBOT JV Approval Order at 46729.

⁴⁷ Id. at 46730.

⁴⁸ Id.

⁴⁹ See Securities Exchange Act Release No. 52824 (November 22, 2005), 70 FR 72318 (December 2, 2005) (SR-CBOE-2005-69).

⁵⁰ See Rule 1.1 (definition of inter-regulatory spread).

Further, as discussed above, the proposed rules regarding the handling and execution of VIX future-option orders are also substantially similar to that of stock-option orders,⁵¹ and rules previously filed with the Commission for security-future option orders.⁵² The primary substantive difference between stock-option orders (and security-future option orders) is that one component of a VIX future-option order (the VX future leg(s)) is not subject to Commission jurisdiction. The Exchange believes market participants who want to trade these strategies because they have determined these strategies are the most appropriate to achieve their investment goals should be able to avail themselves of a more efficient and lower risk execution mechanism for these strategies, even though those strategies happen to include a component subject to jurisdiction of another regulator.

Additionally, the proposed rule change provides that the Exchange will communicate to CFE directly the VX components of a VIX future-option order for execution, and CFE will communicate to the Exchange directly any execution information. This is different than what occurs today with respect to stock-option orders, for which a designated broker communicates this information to and receives this information from the stock trading venue. However, as is required for stock-option orders, the Exchange will require Users that are not CFE members to enter into a brokerage agreement with an FCM/IB, which will serve as the routing broker for such User. Ultimately, because the Exchange already has connectivity to CFE, the Exchange will act as the conduit for the electronic transmissions of the VX components and execution

⁵¹ See Rules 5.33 (including subparagraphs (f)(1)(B) and (2)(B), paragraph (l), and Interpretation and Policy .04), and 5.70(b).

⁵² See Securities Exchange Act Release No. 49367 (March 5, 2004), 69 FR 11678 (March 11, 2004) (SR-CBOE-2004-14); see also Securities Exchange Act Release Nos. 46390 (August 21, 2002), 67 FR 55290 (August 28, 2002) (SR-ISE-2002-18); and 48894 (December 8, 2003), 68 FR 70328 (December 17, 2003) (SR-PCX-2003-42).

information on behalf of each designated FCM/IB. The FCM/IB designated by a User will continue to act as agent and broker for that User's side of the VX futures component of the transaction on CFE and will continue to be the executing CFE member for that side of the VX futures component of the transaction on CFE. The Exchange will merely act as the designated FCM/IB's conduit rather than the designated FCM/IB communicating directly with CFE. Given that the Exchange has established connectivity to CFE, the Exchange believes this is an efficient approach that will further remove impediments to and perfect the mechanism of a free and open market, as it will provide for direct messaging between two parties (the Exchange and CFE) rather than take additional steps to communicate information to and from a third party (the designated FCM/IB).

The Exchange believes the proposed rule change to make VIX Future-Option Orders eligible for FLEX trading and related changes 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 by providing investors with an additional on-exchange vehicle to meet their investment needs in connection with VIX derivatives. By providing investors an exchange-traded environment for customized strategies, such as those investors may trade in the OTC market, the Exchange would be able to compete more effectively with the OTC market. Further it will create greater trading and hedging opportunities and flexibility for investors. FLEX trading for VIX Future-Option Orders may also result in enhanced efficiency in initiating and closing out positions and heightened contra-party creditworthiness due to the role of OCC as issuer and guarantor of FLEX options. Further, the proposed rule change would result in increased competition by permitting the Exchange offer products that it understands are currently used in the OTC market. The proposed rule change to prevent customization of the VX future

leg(s) of a FLEX VIX Future-Option Order is consistent with the Act, because the terms of VX future leg(s) are dictated by CFE and its rules and thus subject to CFTC jurisdiction.

Ultimately, the Exchange believes the proposed rule change 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 investors with a competitive and efficient market mechanism for executing investment strategies comprised of VX futures and VIX options on the Exchange, which will provide a venue for order exposure and price discovery (with respect to the VIX options legs, as the VX futures legs may execute only at the prices specified by the User upon order entry). These are bona fide investment strategies that reduce market participants' risk and facilitate hedging. A robust and competitive market requires that exchanges respond to investors' evolving needs by constantly improving their offerings. When Congress charged the Commission with supervising the development of a "national market system" for securities, Congress stated its intent that the "national market system evolve through the interplay of competitive forces as unnecessary regulatory restrictions are removed."⁵³ Consistent with this purpose, Congress and the Commission have repeatedly stated their preference for competition, rather than regulatory intervention to determine products and services in the securities markets.⁵⁴ This consistent and considered judgment of Congress

⁵³ See H.R. Rep. No. 94-229, at 92 (1975) (Conf. Rep.).

⁵⁴ See S. Rep. No. 94-75, 94th Cong., 1st Sess. 8 (1975) ("The objective [in enacting the 1975 amendments to the Exchange Act] would be to enhance competition and to allow economic forces, interacting within a fair regulatory field, to arrive at appropriate variations in practices and services."); Order Approving Proposed Rule Change Relating to NYSE Arca Data, Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770 (December 9, 2008) ("The Exchange Act and its legislative history strongly support the Commission's reliance on competition, whenever possible, in meeting its regulatory responsibilities for overseeing the [self-regulatory organizations] and the national market system. Indeed, competition among multiple markets and market participants trading the same products is the hallmark of the national market system."); and Regulation NMS, 70 FR at 37499 (observing that NMS regulation "has been remarkably successful in promoting market competition in [the] forms that are most important to investors and listed companies").

and the Commission is correct, particularly in light of evidence of robust competition in the options trading industry. The fact that an exchange proposed something new is a reason to be receptive, not skeptical — innovation is the life-blood of a vibrant competitive market — and that is particularly so given the continued internationalization of the securities markets, as exchanges continue to implement new products and services to compete not only in the United States but throughout the world. Options exchanges continuously adopt new and different products and trading services in response to industry demands in order to attract order flow and liquidity to increase their trading volume. This competition has led to a growth in investment choices, which ultimately benefits the marketplace and the public. The Exchange believes that the proposed rule change will help further competition by providing market participants with yet another investment option for the listed options market.

While a VIX future-option order contains a component that is not a security, the Exchange believes the proposed rule change may be approved as consistent with the Exchange Act. The Commission's primary purposes are to protect investors and maintain fair, orderly, and efficient markets.⁵⁵ As discussed in this rule filing, the primary purpose of this proposal is to create a more efficient mechanism for investors to execute their investment strategies that include VIX options and VX futures components. VX futures are highly correlated and strongly related to VIX options, given they both overlie the same index and thus have similar characteristics.⁵⁶ As a result, the Exchange believes that VIX futures-option orders are related to the purposes of the Act, which would make it appropriate for the Commission to approve this

⁵⁵ See [SEC.gov | Mission](https://www.sec.gov/mission).

⁵⁶ See Cboe VIX Index Futures & Options Fact Sheet, available at https://cdn.cboe.com/resources/vix_options/VIX_fact_sheet.pdf.

proposal.⁵⁷ Consistent with Congress’s finding in connection with the establishment of a national market system, the proposed rule change strengthens the securities market by providing investors with a more efficient and transparent mechanisms to execute VIX options that are part of investment strategies that include VX futures.⁵⁸ As discussed above, the proposed rule change promotes a more economically efficient manner to execute VIX options transactions that are tied to VX futures.⁵⁹ The proposed rule change may also reduce the execution and price risks that accompany the current method of executing VIX options and VX futures as separate transactions, as well as increase transparency by providing a listed environment to execute these transactions. While the price discovery for the VIX options will occur on the Exchange (which price discovery would impact the price of the entire package that includes the VX futures), the VX futures leg may execute only at the price specified by the User upon order entry. The execution of the VX futures must still occur in accordance with CFE rules and will be regulated by CFE and the CFTC. Therefore, the proposed rule change increases the information available with respect to these transactions and improves the practicability of executing these orders in the best market, which ultimately enables market participants to receive better executions of their orders.⁶⁰

⁵⁷ See 15 U.S.C. 78f(b)(5); see also Alliance for Fair Board Recruitment & National Center for Public Policy Research v. Securities and Exchange Commission, No. 21-60626 (5th Circuit December 11, 2024), at 4 (“AFBR v. SEC”). The Act provides that exchanges may not regulate matters not related to the Act’s purposes. It is common practice for market participants to engage in investment strategies that involve securities and non-securities. As part of its need to regulate securities transactions, the Exchange may request information from other exchanges (including about non-securities) that relate to those securities transactions. Therefore, it is possible for the execution of a non-security, such as a future, to be related to the purposes of the Act and thus permit the Exchange to adopt rules related to such non-securities transactions when they are tied to securities transactions occurring on the Exchange.

⁵⁸ See 15 U.S.C. 78k-1(a)(1).

⁵⁹ See 15 U.S.C. 78k-1(a)(1)(C)(i).

⁶⁰ See 15 U.S.C. 78k-1(a)(1)(C)(iii) – (v). Further, reduction in price risk that currently results from separate transaction may ultimately reduce overall transactions costs associated with execution of VIX options and

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 VIX future-option orders will be available to all TPHs and will execute in the same manner. VIX future-option orders will be available to all Users on a voluntary basis, and Users will not be required to use VIX future-option orders to execute investment strategies comprised of option and future components. Users may continue to execute these strategies as they do today by entering a VIX option order on the Exchange and separately executing the VX future component on CFE. For Users that elect to use the proposed functionality, the Exchange believes the proposed rule change would reduce price and execution risk that currently exists when executing these strategies. The Exchange understands investors currently execute investment strategies comprised of VIX option and VX future components today. Investors may continue to do so; however, the proposed rule change merely provides them with a simpler, more efficient, transparent, and competitive execution mechanism for hedging and other investment strategies that contain VIX options and VX futures components.

The Exchange does not believe 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, because other options exchanges may propose similar functionality (and previously have, as noted above). The proposed rule change is intended to provide investors with an alternative to

the related VX future as it may lower the overall cost of the transaction. This plausible reduction in transactions associated with executing this securities trade “presumably relate[s] to the purpose of” the national market system. See AFBR v. SEC, at 27.

execute these investment strategies through separate transactions or in the unregulated and opaque OTC market by providing investors with the ability to execute these strategies in a single transaction in an exchange environment. The Exchange believes this would result in increased market transparency, enhanced efficiency in initiating and closing out positions, and heightened contra-party creditworthiness. The proposed rule change is designed to provide investors with a more efficient and lower risk mechanism to execute investment strategies comprised of futures and options components, and ultimately the Exchange believes it may relieve any burden on, or otherwise promote, competition.

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.

IV. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change, as modified by Amendment Nos. 1 and 2, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.⁶¹ In particular, the Commission finds that the proposed rule change, as modified by Amendment Nos. 1 and 2, is consistent with Section 6(b)(5) of the Act,⁶² which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to remove impediments to and perfect the mechanism of a free and open market, and, in general, to protect investors and the public interest.

⁶¹ In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

⁶² 15 U.S.C. 78f(b)(5).

As discussed above, the Exchange states that investors currently execute orders in VIX options and VX futures to hedge, manage risk, or implement other trading strategies.⁶³ According to the Exchange, market participants currently execute these orders as separate transactions, a process that presents risks that an investor will be left with an unhedged position if only one of the orders executes, or that an investor will receive an unfavorable execution if market conditions change during the time it takes to execute both orders.⁶⁴ The proposal is designed to remove impediments to and perfect the mechanism of a free and open market and to protect investors and the public interest by establishing a mechanism—the proposed VIX future-option order—that could facilitate more efficient effectuation of risk mitigation and other trading strategies involving VIX options and VX futures, since execution would result only if both the options and futures components are able to trade, as discussed below.⁶⁵

Trading of VIX future-option orders

VIX future-option orders would be conforming complex orders under the Exchange's rules.⁶⁶ It is consistent with the protection of investors and the public interest to treat VIX future-option orders as conforming complex orders because VIX future-option orders must satisfy certain requirements, including a risk offset requirement that groups together the VX futures and VIX options components of the order with the same expiration and requires that the VX future leg(s) in the group provide a risk offset to the VIX option leg(s) in that group of no

⁶³ See Amendment No. 1 at 19-20.

⁶⁴ See Amendment No. 1 at 20.

⁶⁵ The Exchange's proposal, and the Commission's approval herein, is for the trading of VIX future-option orders specifically, not future-option orders generally or any other type of inter-regulatory spread order.

⁶⁶ See proposed Exchange Rule 1.1 (definitions of complex order and conforming complex order).

less than 10% and no greater than 125%.⁶⁷ The Exchange states that the proposed risk offset requirement is informed, in part, by the Exchange's review of the risk offsets of ECRP transactions that occurred in accordance with CFE rules over a six-month period, none of which had a risk offset outside of the 10% to 125% range.⁶⁸ The proposed risk offset requirement is designed to provide market participants with flexibility in executing trading, hedging, and investment strategies that use VIX options and VX futures while ensuring that only bona fide strategies qualify for treatment as VIX future-option orders.⁶⁹

VIX future-option orders would be eligible only for electronic processing and must be entered as Day or IOC.⁷⁰ Like other complex orders, VIX future-option orders may rest in the COB or, if eligible, may be submitted for execution in the COA, C-AIM, or C-SAM auction mechanisms.⁷¹ The COA, C-AIM, and C-SAM auctions could facilitate the execution of VIX future-option orders and provide opportunities for price improvement for the VIX option component(s) of a VIX future-option order. As discussed above, upon order entry, a User must specify a price for each VX future component, which must be permissible under CFE rules, and

⁶⁷ A VIX future-option order satisfies this risk offset requirement if the delta value of each group is no greater than -0.10 and no less than -1.25. See proposed Exchange Rule 1.1 (definition of VIX future-option order, paragraph (a)(1)). A User must include a reasonable delta value for each VIX option leg of a VIX future-option order (excluding auction responses). See proposed Exchange Rule 1.1 (definition of VIX future-option order, paragraph (b)(2)). The Exchange states that the delta values will be subject to surveillance by the Exchange, which will be similar to surveillances that the Exchange currently conducts to determine reasonability, such as when evaluating whether a qualified contingent transaction is fully hedged. See Amendment No. 1 at footnote 4. The Exchange states that auction responses need not include a delta value because the risk offset requirement would have already been deemed to be satisfied upon acceptance of the auctioned order. See id. at 4.

⁶⁸ See Amendment No. 1 at 21.

⁶⁹ A complex order, including a VIX future-option order, must be entered for the purpose of executing a particular investment strategy. See Exchange Rule 1.1 (definition of complex order). See also Securities Exchange Act Release No. 48858 (Dec. 1, 2003), 68 FR 68128 (Dec. 5, 2003).

⁷⁰ See proposed Exchange Rule 1.1 (definition of VIX future-option order and paragraph (b)(1) of the definition of VIX future-option order). Only VIX future-option orders with no more than the applicable number of legs would be eligible for electronic processing. See proposed Exchange Rule 5.33(b)(5).

⁷¹ See Amendment No. 1 at 8.

the VX futures component(s) of the order may only execute at the price(s) specified by the User upon order entry.⁷² Accordingly, the price(s) of the VX futures component(s) of a VIX futures-option order may not be negotiated after the order is submitted to the Exchange, and any price competition and improvement on the Exchange will occur only with respect to the VIX option component(s) of the VIX future-option order.⁷³

The VIX option legs of VIX future-option orders would be subject to the same priority requirements that currently apply to stock-option orders and other complex orders. The VIX option leg of a VIX future-option order with one option leg may not trade at a price worse than the individual component price on the Simple Book or at the same price as a Priority Customer order on the Simple Book.⁷⁴ The VIX option legs of a VIX future-option order with more than one option leg must trade at prices applicable to conforming complex orders pursuant to Exchange Rule 5.33(f)(2)(A).⁷⁵ Thus, a VIX future-option order with more than one option leg may not execute at a net price that is worse than the SBBO⁷⁶ for the strategy and, if there is a Priority Customer order on any leg comprising the SBBO, at least one option component of the order must execute at a price that improves the BBO for that component by at least one

⁷² See Amendment No. 1 at 14-15 and proposed Exchange Rule 1.1 (definition of VIX future-option order, paragraph (b)(3)).

⁷³ See Amendment No. 1 at 11, 14-15.

⁷⁴ See proposed Exchange Rule 5.33(f)(2)(C)(i) and Exchange Rule 5.33(f)(2)(B)(i) (stating that the option leg of a stock-option order with one option leg may not trade at a price worse than the individual component price on the Simple Book or at the same price as a Priority Customer Order on the Simple Book).

⁷⁵ See proposed Exchange Rule 5.33(f)(2)(C)(ii) and Exchange Rule 5.33(f)(2)(B)(ii).

⁷⁶ The Exchange proposes to define the SBBO for VIX future-option orders to mean the best net bid and net offer on the Exchange for a complex strategy calculated using the BBO for each option component (or the NBBO for a component if the BBO for that component is not available) of a complex strategy from the Simple Book. See proposed Exchange Rule 5.33(a) (definition of Synthetic Best Bid or Offer),

minimum increment.⁷⁷ These requirements, which are consistent with the priority requirements applicable to other types of complex orders, are designed to protect investors and the public interest by protecting the priority of Priority Customer orders resting on the Exchange's Simple Book.

The Exchange may make VIX future-option orders available for FLEX trading.⁷⁸ A trader submitting a FLEX VIX future-option order would be permitted to specify the terms of the VIX option component(s) of the order but, as with a non-FLEX VIX future-option order, would not be permitted to modify the terms of VX futures leg(s) of the order, which are determined by CFE.⁷⁹ As with a non-FLEX VIX future-option order, a FLEX VIX future-option order must include a specified price for each VX futures leg.⁸⁰ FLEX VIX future-option orders would allow market participants to customize the VIX option component(s) of their FLEX VIX future-option orders to more precisely implement their hedging, risk management, and investment strategies. In addition, the proposal would extend to the VIX option component(s) of FLEX VIX future-option orders the benefits of trading on the Exchange's options market, including a centralized market center, an auction market with posted transparent market quotations and transaction reporting, parameters and procedures for clearance and settlement, and the guarantee of OCC for all FLEX VIX option contracts traded on the Exchange.

⁷⁷ See Exchange Rule 5.33(f)(2)(A)(iv)(a). In addition, Exchange Rule 5.33(f)(2)(A) provides that a complex order will not execute at a net price that would cause any component of the complex strategy to be executed: (i) at a price of zero; (ii) at a price worse than the individual component prices on the Simple Book; or (iii) worse than the price that would be available if the complex order Legged into the Simple Book.

⁷⁸ See proposed Exchange Rule 5.70(b).

⁷⁹ See proposed Exchange Rule 4.21(b)(3) and Amendment No. 1 at 9.

⁸⁰ See proposed Exchange Rule 5.72(b)(2)(C).

The Clearing Editor functionality in Exchange Rule 6.6 allows TPHs to update certain information with respect to executed trades on their trading date and revise them for clearing.⁸¹ The proposal amends Exchange Rule 6.6 to make clear that TPHs may use the Clearing Editor functionality to update only the VIX option component of a VIX future-option order or a security-future order, thereby eliminating potential confusion with respect to the use of Clearing Editor for VIX future-option and security future-option orders.⁸² The Exchange states that any updates to the VX future component of a VIX future-option order would need to be made in accordance with CFE's rules.⁸³

The proposal amends Exchange Rule 6.5, Interpretation and Policy .07(c) to treat VIX future-option orders in the same manner as stock-option orders for purposes of the Exchange's Obvious Error and Catastrophic Error provisions, which should help to ensure objectivity, transparency, and clarity with respect to the adjustment and nullification of erroneous options transactions involving VIX future-option orders.⁸⁴

Execution of VX futures component(s)

⁸¹ See Exchange Rule 6.6(a).

⁸² See proposed Exchange Rule 6.6, Interpretation and Policy .02.

⁸³ See Amendment No. 1 at 17.

⁸⁴ Proposed Exchange Rule 6.5, Interpretation and Policy .07(c) states that whenever CFE nullifies the VX future leg(s) of a VIX future-option order, or whenever the VX future leg(s) cannot be executed (including at the price(s) specified by the User upon order entry), the Exchange will nullify the VIX option leg upon the request of one of the parties or in accordance with Exchange Rule 6.5(c)(3). The Exchange states that proposed Exchange Rule 6.5(c)(3) differs from the nullification provision in proposed Exchange Rule 5.33(o)(2)(B) in that proposed Exchange Rule 5.33(o)(2)(B) provides for the nearly instantaneous nullification of the execution of the VIX option leg(s) of a VIX future-option order if it is communicated to the Exchange that the VX future leg(s) was unable to execute. Proposed Exchange Rule 6.5, Interpretation and Policy .07 permits nullification of the VIX option leg(s) if an execution of a VIX future-option order occurred, but CFE nullified the VX future leg(s) execution at a later time pursuant to its rules. See Amendment No. 1 at 16-17. See also Securities Exchange Act Release No. 80040 (Feb. 14, 2017), 82 FR 11248 (Feb. 21, 2017) (File No. SR-Cboe-2016-88) (approving proposed changes related to the adjustment and nullification of erroneous complex order and stock-option order transactions).

The execution of the VX futures component of a VIX future-option will be subject to CFE's rules, including informational and reporting time requirements, risk controls, and price restrictions.⁸⁵ To submit a VIX future-option order to the Exchange for execution, a User that is not also a CFE member must enter into an agreement with one or more FCMs/IBs that are not affiliated with the Exchange but are registered with the Exchange to serve as a routing broker for the VX futures component(s) of VIX future-option orders.⁸⁶ After the execution of the option leg(s) of a VIX future-option order, the Exchange will electronically communicate the VX future component of the order to CFE on behalf of the User (if the User is a CFE member) or the designated FCM/IB (if the User is not a CFE member) at the execution price(s) specified by the User upon order entry.⁸⁷ If the Exchange's System⁸⁸ receives a report from CFE that the VX future component(s) cannot execute at the price(s) specified by the User, the Exchange will nullify the VIX option component(s) trade and notify the User of the reason for the nullification.⁸⁹ The Exchange states that CFE submitted to the CFTC an initial rule certification filing to adopt rules addressing VIX future-option orders and a subsequent rule certification filing to reflect modifications to how VX futures leg(s) of a VIX future-option order will be

⁸⁵ See Amendment No. 1 at footnote 22.

⁸⁶ See proposed Exchange Rule 5.33, Interpretation and Policy .05.

⁸⁷ See proposed Exchange Rule 5.33(o)(1). The designated FCM/IB will be the agent and broker for the User and the executing CFE member and will receive copies of any VX future execution reports. See Amendment No. 2 and proposed Exchange Rule 5.33, Interpretation and Policy .05.

⁸⁸ The Exchange defines the term "System" to mean 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.

⁸⁹ See proposed Exchange Rule 5.33(o)(2)(B).

routed to CFE.⁹⁰ These rule certification filings became effective ten business days after filing.⁹¹

The Exchange represents that, to the extent CFE submits to the CFTC any additional rule certification filings related to VIX future-option orders that must become effective prior to the implementation of the proposed functionality, the Exchange will not launch the VIX future-option order functionality until any such filings become effective.⁹²

The proposal establishes a mechanism designed to create an efficient process for executing VIX future-option orders. The proposed process for routing the VX futures component of a VIX future-option order to CFE is designed to facilitate the execution of the VX leg(s) of a VIX future-option order. The nullification of the VIX option component(s) of a VX future-option order if the VX future component(s) cannot execute will help to ensure that investors do not receive an incomplete execution that is inconsistent with their investment strategy in entering a VIX future-option order. Accordingly, the proposal should reduce the execution and price risks associated with the current process of effectuating a trading strategy involving VIX options and VX futures through separate and unrelated trades on Cboe and CFE.

Regulatory oversight of VIX options and VX futures

Activity related to the execution of the option component(s) of VIX future-option orders would be subject to Commission jurisdiction, and activity related to the execution of the VX futures component(s) of VIX future-option orders would be subject to the jurisdiction of the CFTC. The Exchange would regulate conduct relating to the VIX options legs of VIX future-

⁹⁰ See Amendment No. 1, footnote 27. See also CFE Rule Certification Submission Number CFE-2026-014 (July 1, 2026), available at <https://www.cftc.gov/filings/orgrules/rules0701268664.pdf> and CFE Rule Certification Submission Number CFE-2025-021 (September 9, 2025), available at <https://www.cftc.gov/sites/default/files/filings/orgrules/25/09/rules09092530095.pdf>.

⁹¹ See Amendment No. 1, footnote 27.

⁹² Id.

option orders and CFE would regulate conduct relating to the VX futures legs of VIX future-option orders, with each exchange bringing disciplinary actions for violations of its rules.⁹³ As discussed above, CFE's rule certification filings with the CFTC to adopt rules addressing the VX futures component of VIX future-option orders have become effective.⁹⁴

The Exchange states that the Exchange and CFE have an existing information sharing agreement that encompasses information relating to the proposed VIX future-option orders and trades, which would allow for the sharing of information between the Exchange and CFE and would permit the Exchange to have access to all order, trade, regulatory, and other data relating to VIX future-option orders and trades.⁹⁵ The Exchange states that the Cboe Regulatory Division will incorporate information it receives from CFE into its surveillance procedures to monitor trading of VIX future-option orders, including to detect any manipulative trading activity.⁹⁶ The Exchange further represents that it will implement any necessary enhancements or modifications to its surveillance program that may be needed for VIX future-option orders prior to the Exchange's launch of VIX future-option orders.⁹⁷ Accordingly, the Exchange's surveillance procedures should allow the Exchange to investigate suspected manipulations or other trading abuses in VIX future-option orders. Further, the Exchange's current rules

⁹³ See Amendment No. 1 at 18.

⁹⁴ See Amendment No. 1 at footnote 27.

⁹⁵ See Amendment No. 1 at 18. The Exchange states that CFE also will have access to this information. See id. at 18.

⁹⁶ See Amendment No. 1 at 22.

⁹⁷ See Amendment No. 1 at 22. The Exchange represents that its Regulatory Division is currently evaluating its surveillance program to identify any necessary enhancements and/or modifications that may be needed for VIX future-option orders.

prohibiting market manipulation and fraudulent, noncompetitive, and disruptive trading practices will apply to VIX future-option orders.⁹⁸

V. Solicitation of Comments on Amendment No. 1 to the Proposed Rule Change

Interested persons are invited to submit written data, views, and arguments concerning whether Amendment No. 1 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-2026-004 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-2026-004 on the subject line. 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 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-

⁹⁸ See Amendment No. 1 at 22.

CBOE-2026-004 on the subject line, and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

VI. Accelerated Approval of Proposed Rule Change as Modified by Amendment No. 1

The Commission finds good cause to approve the proposed rule change, as modified by Amendment No. 1, prior to the thirtieth day after the date of publication of notice of the filing of Amendment No. 1 in the Federal Register. Amendment No. 1 revises the proposal to: (i) clarify that the scope of the proposal is limited to VIX future-option orders by revising rule text and language in the original proposal that could have applied generically to any future-option orders not just VIX future-option orders; (ii) provide additional detail and clarity regarding the operation of FLEX VIX future-option orders; (iii) streamline the process for transmitting the VX futures component(s) of a VIX future-option order to CFE; (iv) provide additional detail and clarity regarding how regulatory oversight would be applied to the VIX options and VX futures components of VIX future-option orders; and (v) provide market participants with additional flexibility in their use of VIX future-option orders by allowing such orders to be IOC.

Amendment No. 1 raises no novel regulatory issues that have not previously been subject to comment, as it narrows or further addresses aspects of the original proposal that were subject to comment without altering the proposal's core purpose of allowing for VIX future-option orders. Indeed, without altering the purpose of the proposal, Amendment No. 1 strengthens the proposal by providing additional clarity and support. Accordingly, for the reasons discussed above, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,⁹⁹ to approve the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

⁹⁹ 15 U.S.C. 78s(b)(2).

VII. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁰⁰ that the proposed rule change (SR-CBOE-2026-004), as modified by Amendment Nos. 1 and 2, is approved, on an accelerated basis with respect to Amendment No. 1.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁰¹

Sherry R. Haywood,

Assistant Secretary.

¹⁰⁰ 15 U.S.C. 78s(b)(2).

¹⁰¹ 17 CFR 200.30-3(a)(12).