

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-95658; File No. SR-CboeBZX-2022-037)

September 1, 2022

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Order Approving a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2, to Amend BZX Rule 11.17, Clearly Erroneous Executions

I. Introduction

On July 11, 2022, Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to (i) make the current clearly erroneous execution (“CEE”) pilot permanent, and (ii) apply the Limit Up-Limit Down (“LULD”) mechanism in place of the CEE review process during regular trading hours, except in limited circumstances. The proposed rule change was published for comment in the Federal Register on July 18, 2022.<sup>3</sup> On July 29, 2022, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>4</sup> On August 26, 2022, the Exchange filed Amendment No. 2 to the proposed rule change.<sup>5</sup> This order approves the proposed rule change, as modified by Amendment Nos. 1 and 2.

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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. 95259 (July 12, 2022), 87 FR 42760 (“Notice”).

<sup>4</sup> In Amendment No. 1, the Exchange made technical and non-substantive corrections to the proposal. Specifically, the Exchange corrected an erroneous mismarking in the rule text and removed certain redundant language in the proposal. Because Amendment No. 1 does not materially alter the substance of the proposed rule change, Amendment No. 1 is not subject to notice and comment. Amendment No. 1 is available at: <https://www.sec.gov/comments/sr-cboebzx-2022-037/srcboebzx2022037-20135398-306303.pdf>.

<sup>5</sup> In Amendment No. 2, the Exchange revised the proposal to provide information on the

## II. Description of the Proposed Rule Change, as Modified by Amendment Nos. 1 and 2

### A. Background

On September 10, 2010, the Commission approved, on a pilot basis, changes to BZX Rule 11.17 (Clearly Erroneous Executions) that, among other things: (i) provided for uniform treatment of CEE reviews in multi-stock events involving twenty or more securities; and (ii) reduced the ability of the Exchange to deviate from the objective standards set forth in the rule.<sup>6</sup> In 2013, BZX Rule 11.17 was further modified to account for the operation of the Plan to Address Extraordinary Market Volatility (the “LULD Plan”).<sup>7</sup> The Exchange states that in the 12 years since the initiation of the CEE pilot, the Exchange, other national securities exchanges, and Financial Industry Regulatory Authority (“FINRA”) have gained considerable experience in the operation of the CEE rule, as amended on a pilot basis.<sup>8</sup> Based on that experience, the Exchange states that the CEE pilot should continue on a permanent basis so that equities market participants and investors can continue benefit from the increased certainty provided by the amended CEE rule.<sup>9</sup> The CEE pilot is currently set to expire at the close of business on October 20, 2022.<sup>10</sup>

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implementation date of the proposal. Because Amendment No. 2 does not materially alter the substance of the proposed rule change, Amendment No. 2 is not subject to notice and comment. Amendment No. 2 is available at: <https://www.sec.gov/comments/sr-cboebzx-2022-037/srcboebzx2022037-20137788-308117.pdf> (“Amendment No. 2”).

<sup>6</sup> See Securities Exchange Act Release No. 62886 (Sept. 10, 2010), 75 FR 56613 (Sept. 16, 2010) (SR-BATS-2010-016) (“CEE Pilot Approval Order”).

<sup>7</sup> See Securities Exchange Act Release No. 68797 (Jan. 31, 2013), 78 FR 8635 (Feb. 6, 2013) (SR-BATS-2013-008).

<sup>8</sup> See Notice, supra note 3, at 42761.

<sup>9</sup> See id.

<sup>10</sup> See Securities Exchange Act Release No. 95288 (July 14, 2022), 87 FR 43346 (July 20, 2022) (SR-CboeBZX-2022-039).

When the participants to the LULD Plan (“Participants”) filed to introduce the LULD mechanism, some commenters noted the potential discordance between the CEE rules and the Price Bands<sup>11</sup> used to limit the price at which trades would be permitted to be executed pursuant to the LULD Plan.<sup>12</sup> While the Participants acknowledged that the potential to prevent CEE would be a “key benefit” of the LULD Plan, the Participants decided not to amend the CEE rules at that time in order to study how CEE rules and the LULD mechanism interact.<sup>13</sup> After gaining experience with the LULD Plan, the Exchange now believes that it is appropriate to largely eliminate CEE review during Regular Trading Hours (“RTH”)<sup>14</sup> when Price Bands are in effect.<sup>15</sup> Thus, as proposed and discussed further below, trades executed within the Price Bands will stand, barring one of a handful of identified scenarios where CEE review may still be necessary for the protection of investors and the public interest.

Based on the forgoing, the Exchange proposes to: (1) make the current CEE pilot permanent; and (2) apply the LULD mechanism in place of the CEE review process during RTH, except in limited circumstances. The Exchange believes that these changes are appropriate as the

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<sup>11</sup> “Price Bands” refers to the term provided in Section V of the LULD Plan.

<sup>12</sup> See Notice, supra note 3, at 42761. The Exchange states that two commenters on File No. 4-631, Plan to Address Extraordinary Market Volatility, requested that the clearly erroneous rules be amended so the presumption would be that trades executed within the Price Bands would not be not subject to review. Id.

<sup>13</sup> See id. at 42761-62.

<sup>14</sup> The term “Regular Trading Hours” means the time between 9:30 a.m. and 4:00 p.m. Eastern Time. See BZX Rule 1.5(w).

<sup>15</sup> See Notice, supra note 3, at 42762. The Exchange also states that industry feedback has reflected a desire to eliminate the discordance between the LULD mechanism and the CEE rules so that market participants would have more certainty that trades executed within the Price Bands would stand. See Notice, supra note 3, at 42762.

LULD Plan has been approved by the Commission on a permanent basis,<sup>16</sup> and in light of recent amendments to the LULD Plan, including changes to the applicable Price Bands around the Open and Close of trading.<sup>17</sup>

B. Clearly Erroneous Review During Regular Trading Hours

As proposed, BZX Rule 11.17(c)(1) provides that trades executed within the Price Bands during RTH will not be reviewable as clearly erroneous, except in limited circumstances.<sup>18</sup> Specifically, proposed BZX Rule 11.17(c)(1)(A) provides that a transaction executed during RTH will continue to be eligible for CEE review if the transaction is in an NMS Stock that is not subject to the LULD Plan. In such case, the Numerical Guidelines set forth in BZX Rule 11.17(c)(2) will be applicable to such NMS Stock.<sup>19</sup>

Another such scenario where members will continue to be able to request CEE review is where a transaction resulted from certain systems issues pursuant to proposed BZX Rule 11.17(c)(1)(B). Specifically, as proposed, transactions executed during RTH will be eligible for CEE review if the transaction is the result of an Exchange technology or systems issue that

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<sup>16</sup> See Securities Exchange Act Release Nos. 84843 (Dec. 18, 2018), 83 FR 66464 (Dec. 26, 2018); 85623 (April 11, 2019), 84 FR 16086 (April 17, 2019) (File No. 4-631) (“Amendment Eighteen”).

<sup>17</sup> See Notice, supra note 3, at 42762. Amendment Eighteen to the LULD Plan eliminated double-wide Price Bands: (1) between 9:30 a.m. and 9:45 a.m. (“the Open”), and (2) between 3:35 p.m. and 4:00 p.m., or in the case of an early scheduled close (“the Close”), during the last 25 minutes of trading before the Close, for Tier 2 NMS Stocks 2 with a Reference Price above \$3.00. See Amendment Eighteen, supra note 16, at 16090.

<sup>18</sup> See id.

<sup>19</sup> See proposed BZX Rule 11.17(c)(1)(A). While the majority of securities traded on the Exchange will be subject to the LULD Plan, certain equity securities, such as rights and warrants, are explicitly excluded from the provisions of the LULD Plan and will therefore be eligible for CEE review instead. See Notice, supra note 3, at 42762. Similarly, there are instances, such as the opening auction on the primary listing market, where transactions are not ordinarily subject to the LULD Plan. See id.

results in the transaction occurring outside the applicable Price Bands pursuant to BZX Rule 11.17(g), or is executed after the primary listing market for the security declares a regulatory trading halt, suspension, or pause pursuant to BZX Rule 11.17(i).<sup>20</sup> Proposed BZX Rule 11.17(c)(1)(B) also provides that a transaction subject to review pursuant to this paragraph shall be found to be clearly erroneous if the price of the transaction to buy (sell) that is the subject of the complaint is greater than (less than) the Reference Price, described in proposed BZX Rule 11.17(d), by an amount that equals or exceeds the applicable Percentage Parameter defined in Appendix A to the LULD Plan (“Percentage Parameters”).<sup>21</sup>

Finally, the Exchange proposes to allow for CEE review of transactions during RTH in limited cases when the Reference Price, described in proposed BZX Rule 11.17(d), is determined to be erroneous by an Officer of the Exchange. Specifically, a transaction executed during RTH would be eligible for clearly erroneous review pursuant to proposed BZX Rule 11.17(c)(1)(C), if the transaction involved, in the case of (1) a corporate action or new issue or (2) a security that enters a Trading Pause<sup>22</sup> pursuant to the LULD Plan and resumes trading without an auction,<sup>23</sup> a Reference Price that is determined to be erroneous by an Officer of the Exchange.<sup>24</sup> In such

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<sup>20</sup> See id. The Exchange also proposes to delete paragraph (f) of BZX Rule 11.17, System Disruption or Malfunctions.

<sup>21</sup> See id.

<sup>22</sup> “Trading Pause” refers to the term provided in Section I(V) of the LULD Plan.

<sup>23</sup> The Exchange states that the “resumption of trading without an auction” provision of the proposed rule text applies only to securities that enter a Trading Pause pursuant to the LULD Plan and does not apply to a corporate action or new issue. See Notice, supra note 3, at 42763, n.22.

<sup>24</sup> See id. at 42763.

circumstances, the Exchange may use a different Reference Price pursuant to proposed BZX Rule 11.17(d)(2).<sup>25</sup>

In the context of a corporate action or a new issue under proposed BZX Rule 11.17(c)(1)(C), when determining whether the Reference Price is erroneous, the Exchange will examine whether such Reference Price clearly deviated from the theoretical value of the security.<sup>26</sup> In such cases, the Exchange will consider a number of factors to determine a new Reference Price that is based on the theoretical value of the security, including but not limited to, the offering price of the new issue, the ratio of the stock split applied to the prior day's closing price, the theoretical price derived from the numerical terms of the corporate action transaction such as the exchange ratio and spin-off terms, and for an OTC up-listing, the price of the security as provided in the prior day's FINRA Trade Data Dissemination Service final closing report.<sup>27</sup> In the foregoing instances, the theoretical value of the security will be used as the new Reference Price when applying the Percentage Parameters under the LULD Plan (or Numerical Guidelines if the transaction is in an NMS Stock that is not subject to the LULD Plan) to determine whether executions would be cancelled as clearly erroneous.<sup>28</sup>

In the context where a security that enters a LULD Trading Pause and resumes trading without an auction (i.e., reopens with quotations) under proposed BZX Rule 11.17(c)(1)(C), the Reference Price will be the last effective Price Band that was in a limit state before the Trading Pause.<sup>29</sup>

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<sup>25</sup> See id.

<sup>26</sup> See id.

<sup>27</sup> See proposed BZX Rule 11.17(d)(2).

<sup>28</sup> See Notice, supra note 3, at 42763.

<sup>29</sup> See proposed BZX Rule 11.17(d)(2). The Exchange states that the LULD Plan requires

Proposed BZX Rule 11.17(c)(1)(C) also provides that a transaction subject to review pursuant to this paragraph shall be found to be clearly erroneous if the price of the transaction to buy (sell) that is the subject of the complaint is greater than (less than) the new Reference Price, described in proposed BZX Rule 11.17(d)(2), by an amount that equals or exceeds the applicable Numerical Guidelines or Percentage Parameters, as applicable depending on whether the security is subject to the LULD Plan.<sup>30</sup>

C. Review of Transactions During the Early Trading, Pre-Opening, and After Hours Sessions

The Exchange proposes to move existing paragraphs (c)(2), (c)(3), and (d) of BZX Rule 11.17 to proposed paragraph (c)(2)(B), (c)(2)(C), and (C)(2)(D) of BZX Rule 11.17, respectively, as Multi-Stock Events, Additional Factors, and Outlier Transactions will only be subject to review and consideration using the Numerical Guidelines if those NMS Stocks are not subject to the LULD Plan or occur during the Early Trading, Pre-Opening, and After Hours Sessions.<sup>31</sup> Additionally, the Exchange proposes to add rule text in renumbered paragraph (f) of BZX Rule 11.17, Officer Acting on Own Motion, to specify that an Officer of the Exchange or senior level employee designee, acting on his or her own motion, may review potentially

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that the new Reference Price in this instance be established by using the midpoint of the best bid and offer (“BBO”) on the primary listing exchange at the reopening time. See Notice, supra note 3, at 42763. The Exchange states that this can result in a Reference Price and subsequent Price Band calculation that is significantly away from the security’s last traded or more relevant price, especially in less liquid names. See id. Thus, the Exchange proposes to use a Reference Price that is based on the prior LULD Price Band that triggered the Trading Pause, rather than the midpoint of the BBO. See id.

<sup>30</sup> The Percentage Parameters will apply to all transactions except those in an NMS Stock that is not subject to the LULD Plan, as described in proposed BZX Rule 11.17(c)(1)(A). See id. at 42763.

<sup>31</sup> See id.

erroneous transactions that occur only during Early Trading, Pre-Opening, or After Hours Sessions, or that are eligible for review pursuant to proposed BZX Rule 11.17(c)(1).

The Exchange also proposes to modify the Numerical Guidelines applicable to leveraged ETF/ETN securities during RTH.<sup>32</sup> As leveraged ETF/ETN securities are subject to LULD and thus the Percentage Parameters will be applicable during RTH, the Exchange proposes to eliminate the Numerical Guidelines for leveraged ETF/ETN securities traded during RTH.<sup>33</sup>

Finally, the Exchange proposes to make conforming edits to update applicable rule references throughout BZX Rule 11.17.

D. Reference Price

As proposed, the Reference Price used will continue to be equal to the consolidated last sale immediately prior to the execution(s) under review.<sup>34</sup> The Exchange also proposes to allow for an alternate Reference Price to be used as prescribed in proposed paragraphs (d)(1), (2), and (3) of BZX Rule 11.17.<sup>35</sup> Specifically, the Reference Price may be a value other than the consolidated last sale immediately prior to the execution(s) under review (1) in the case of Multi-

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<sup>32</sup> See id.

<sup>33</sup> See id.

<sup>34</sup> See proposed BZX Rule 11.17(d). The Exchange states that continuing to use the consolidated last sale as the Reference Price is necessary for operational efficiency as it may not be possible to perform a timely CEE review if doing so required computing the arithmetic mean price of eligible reported transactions over the past five minutes, as contemplated by the LULD Plan. See Notice, supra note 3, at 42764. The Exchange states that while this means that there will still be some differences between the Price Bands and the clearly erroneous parameters, the Exchange believes that this difference is reasonable in light of the need to ensure timely review if clearly erroneous rules are invoked. Id.

<sup>35</sup> See id.



Stock Events involving twenty or more securities,<sup>36</sup> (2) in the case of an erroneous Reference Price (as described above in proposed BZX Rule 11.17(c)(1)(C)),<sup>37</sup> or (3) in other circumstances, such as, for example, relevant news impacting a security or securities, periods of extreme market volatility, sustained illiquidity, or widespread system issues, where use of a different Reference Price is necessary for the maintenance of a fair and orderly market and the protection of investors and the public interest, provided that such circumstances occurred during Early Trading, Pre-Opening or After-Hours Session, or are eligible for review pursuant to BZX Rule 11.17(c)(1)(A).<sup>38</sup>

E. Appeals

The Exchange proposes to eliminate paragraph (f) of BZX Rule 11.17, System Disruption or Malfunction. Pursuant to proposed BZX Rule 11.17(c)(1)(B), transactions occurring during RTH that are executed outside of the Price Bands due to an Exchange technology or system issue, may be subject to clearly erroneous review pursuant to proposed paragraph (g) of BZX Rule 11.17. The Exchange believe that the elimination of paragraph (f) of BZX Rule 11.17 will remove overlapping provisions in the proposal.<sup>39</sup> Accordingly, the Exchange proposes to remove from paragraph (e)(2), Appeals, each reference to paragraph (f), and include language referencing proposed paragraph (g), Transactions Occurring Outside of the LULD Plan Price Bands.

F. Trade Nullification for UTP Securities that are the Subject of Initial Public Offerings

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<sup>36</sup> See proposed BZX Rule 11.17(d)(1).

<sup>37</sup> See proposed BZX Rule 11.17(d)(2).

<sup>38</sup> See proposed BZX Rule 11.17(d)(3).

<sup>39</sup> See Notice, supra note 3, at 42765.

Current paragraph (h) of BZX Rule 11.17 provides different procedures for conducting CEE review in initial public offering (“IPO”) securities that are traded pursuant to unlisted trading privileges (“UTP”) after the initial opening of such IPO securities on the listing market. The Exchange states that it no longer believes that this provision is necessary as opening transactions on the Exchange following an IPO are subject to Price Bands pursuant to the LULD Plan.<sup>40</sup> Accordingly, the Exchange proposes to eliminate this provision in connection with the broader changes to CEE review during RTH.<sup>41</sup>

G. Securities Subject to Limit Up-Limit Down Plan

The Exchange proposes to renumber paragraph (i) to paragraph (h) based on the proposal to eliminate existing paragraph (h), to rename the paragraph to provide for transactions occurring outside of LULD Price Bands, and to eliminate redundant language from proposed paragraph (h).<sup>42</sup> The Exchange also proposes to update references to the LULD Plan and Price Bands so that they are uniform throughout BZX Rule 11.17 and to update rule references throughout the paragraph to conform to the structural changes described above.<sup>43</sup>

H. Multi-Day Event and Trading Halts

The Exchange proposes to renumber paragraphs (j) and (k) to paragraphs (h) and (i), respectively.<sup>44</sup> Additionally, the Exchange proposes to modify the text of both paragraphs to reference the Percentage Parameters as well as the Numerical Guidelines.<sup>45</sup> Specifically, the

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<sup>40</sup> See Notice, supra note 3, at 42765.

<sup>41</sup> See id.

<sup>42</sup> See id.

<sup>43</sup> See id.

<sup>44</sup> See id.

<sup>45</sup> See id.

Exchange proposes to amend the rule text to provide that any action taken in connection with paragraphs (h) and (i) will be taken without regard to the Percentage Parameters or Numerical Guidelines set forth in BZX Rule 11.17, with the Percentage Parameters being applicable to an NMS Stock subject to the LULD Plan and the Numerical Guidelines being applicable to an NMS Stock not subject to the LULD Plan.<sup>46</sup>

### I. Implementation Date

In order to ensure that the other equity exchanges and FINRA are able to adopt rules consistent with this proposal and to coordinate the effectiveness of such harmonized rules, the Exchange proposes to delay the effectiveness of this proposal to October 1, 2022.<sup>47</sup>

### III. Discussion and Commission Findings

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.<sup>48</sup> In particular, the Commission finds that the proposed rule change, as modified by Amendment Nos. 1 and 2, is consistent with the requirements of Section 6(b) of the Act<sup>49</sup> and with Section 6(b)(5) of the Act,<sup>50</sup> which requires, among other things, that the Exchange's rules 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

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<sup>46</sup> See id.

<sup>47</sup> See Amendment No. 2.

<sup>48</sup> In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>49</sup> 15 U.S.C. 78f(b).

<sup>50</sup> 15 U.S.C. 78f(b)(5).

system, and, in general, to protect investors and the public interest.

The Commission believes that the proposal to make the CEE pilot permanent will help assure greater objectivity, transparency, and clarity with respect to the CEE review process. When the Commission originally approved the CEE pilot, it explained that the changes were “being implemented on a pilot basis so that the Commission and the Exchanges can monitor the effects of the pilot on the markets and investors, and consider appropriate adjustments, as necessary.”<sup>51</sup> The Exchange represents that, since that time, the equity exchanges and FINRA have gained considerable experience in the operation of the rule and that the pilot has provided greater certainty and transparency to the process for conducting CEE reviews.<sup>52</sup> In particular, the Exchange states that the pilot has reduced the discretion of the equities exchanges and FINRA to deviate from the objective standards in their respective rules when dealing with potentially erroneous transactions.<sup>53</sup> Accordingly, the Commission finds that approving the CEE pilot as a permanent program is designed to continue to provide members and investors greater certainty and transparency in the CEE review process, thus furthering fair and orderly markets, the protection of investors, and the public interest.

The Commission also finds that applying the LULD mechanism in place of CEE review during RTH except for limited circumstances is consistent with the Act and will further the goal of providing greater certainty to market participants that trades executed within the Price Bands will stand and not be broken. Since the introduction of the LULD mechanism in 2013, the Exchange represents that clearly erroneous trades are largely prevented by the requirement that

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<sup>51</sup> See CEE Pilot Approval Order, supra note 6, at 56618.

<sup>52</sup> See Notice, supra note 3, at 42765.

<sup>53</sup> See id. at 42761.

trades be executed within the Price Bands.<sup>54</sup> Additionally, the Exchange states that the LULD mechanism may provide greater investor protections as it prevents erroneous trades that are outside the Price Bands from being executed in the first place.<sup>55</sup> Thus, the proposal is designed to limit the potential discordance between the LULD mechanism and CEE review process.

Additionally, the Commission believes that limiting the availability of CEE review during RTH to a few exceptional circumstances furthers the goal of providing transparency and certainty to market participants while also balancing the need for flexibility to address a narrow set of circumstances during RTH for the protection of investors and the public interest. Specifically, in the context of transactions that resulted from certain systems issues, CEE review would only be permitted for transactions that would not have occurred if the Price Bands had been available or transactions that would not have occurred because a primary listing market for a security declared a halt, suspension, or pause. Additionally, in the case of a corporate action or a new issue, and a security that enters a Trading Pause pursuant to the LULD Plan and resumes trading without an auction, the Exchange represents that CEE reviews in such cases represent very limited circumstances and will only occur if the Reference Price of a security clearly deviates from the security's theoretical value.<sup>56</sup>

At the same time, the proposed rules in these limited circumstances expressly delineate the boundaries for determining an erroneous Reference Price and subject the Exchange to specific considerations when determining a new Reference Price. In these instances, the result of an erroneous Reference Price that clearly deviated from the theoretical value of the security (e.g.,

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<sup>54</sup> See id. at 42762.

<sup>55</sup> See id.

<sup>56</sup> See id. at 42765.

due to a bad first trade for a new issue) can result in subsequent Price Bands being calculated from that incorrect Reference Price, thus diminishing the investor protections under the LULD Plan for the trades that occurred within the erroneous Price Bands and with no remedy to request clearly erroneous review. In the context of the Trading Pause circumstance, the proposal defines the new Reference Price to be the last effective Price Band that was in a limit state before the Trading Pause.<sup>57</sup> In the context of a corporate action or new issue, the proposal describes certain objective factors that will be used to determine a new reference price based on the theoretical value of the security.<sup>58</sup> Accordingly, the Commission finds that these limited circumstances for CEE review are narrowly tailored and designed to provide market participants with greater transparency and certainty to the process of breaking trades.

Furthermore, the Commission believes that the conforming and organizational updates to the CEE rule that are designed to improve the readability and clarity of the CEE review process will remove impediments to a free and open market and will ultimately benefit investors, particularly those involved in the process of breaking trades.

Finally, the Exchange represents that the other U.S. equities exchanges and FINRA will file largely identical proposals to make their respective clearly erroneous pilots permanent.<sup>59</sup> Accordingly, the proposed rule change also should help assure consistent results in handling erroneous trades across the U.S. equities markets, thus furthering fair and orderly markets, the protection of investors, and the public interest. The Commission notes that the proposed rule change will become operative on October 1, 2022. This delayed implementation is to ensure that

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<sup>57</sup> See proposed BZX Rule 11.17(d)(2).

<sup>58</sup> See id.

<sup>59</sup> See id. at 42766.

the other equities exchanges and FINRA will have sufficient time to adopt rules consistent with this proposal.

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>60</sup> that the proposed rule change, as modified by Amendment Nos. 1 and 2 (SR-CboeBZX-2022-037), be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>61</sup>

J. Matthew DeLesDernier,  
Deputy Secretary.

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<sup>60</sup> 15 U.S.C. 78s(b)(2).

<sup>61</sup> 17 CFR 200.30-3(a)(12).