

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-102716; File No. SR-CboeBZX-2025-046]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to The Extension Hours for BZX Early Trading Session and Addition of Early Trading Session Start Times

March 21, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 17, 2025, Cboe BZX Exchange, Inc. (“Exchange” or “BZX”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

(a) Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) proposes amend

Rule 1.5(ff), Rule 11.1(a), and Rule 14.11(j)(1), to make the following changes to its Early Trading Session: (1) extend the Early Trading Sessions from 7:00 a.m. to 8:00 a.m. Eastern Time (“ET”),⁵ to 4:00 a.m. to 8:00 a.m.; (2) implement an order acceptance time of, 2:30 a.m. to

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

⁵ Hereinafter, all times referenced are in Eastern Time.

4:00 a.m.; and (3) implement start times of 4:00 a.m. and 7:00 a.m. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange's website (http://markets.cboe.com/us/equities/regulation/rule_filings/bzx/), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

Current Functionality

The Exchange currently offers four distinct trading sessions where the Exchange accepts orders for potential execution: (1) the "Early Trading Session,"⁶ which begins at 7:00 a.m. and continues until 8:00 a.m.; (2) the "Pre-Opening Session,"⁷ which begins at 8:00 a.m. and continues until 9:30 a.m.; (3) "Regular Trading Hours,"⁸ which begins at 9:30 a.m. and continues

⁶ The term "Early Trading Session" shall mean the time between 7:00 a.m. and 8:00 a.m. Eastern Time. See Rule 1.5(ff).

⁷ The term "Pre-Opening Session" shall mean the time between 8:00 a.m. and 9:30 a.m. Eastern Time. See Rule 1.5(r).

⁸ The term "Regular Trading Hours" means the time between 9:30 a.m. and 4:00 p.m. Eastern Time. See Rule 1.5(w).

until 4:00 p.m.; and (4) the “After Hours Trading Session,”⁹ which begins at 4:00 p.m. and continues until 8:00 p.m. Users may designate when their orders are eligible for execution by selecting their desired Time-in-Force (“TIF”) instruction.¹⁰

Orders may be entered into the System from 6:00 a.m. until 8:00 p.m. Orders entered between 6:00 a.m. and 7:00 a.m. are not eligible for execution until the start of the Early Trading Session, Pre-Opening Session, or Regular Trading Hours, depending on the TIF selected by the User. The Exchange does not accept the following orders prior to 7:00 a.m.: BZX Post Only Orders,¹¹ intermarket sweep orders (“ISOs”),¹² BZX Market Orders¹³ that are not Stop Orders,¹⁴

⁹ The term “After Hours Trading Session” shall mean the time between 4:00 p.m. and 8:00 p.m. Eastern Time. See Rule 1.5c).

¹⁰ See Rule 11.9(b)(1)-(10).

¹¹ A “BZX Post Only Order” is an order that is to be ranked and executed on the Exchange pursuant to Rule 11.12 and Rule 11.13(a)(4) or cancelled, as appropriate, without routing away to another trading center except that the order will not remove liquidity from the BZX Book, other than as described below. Post Only Order will remove contra-side liquidity from the BZX Book if the order is an order to buy or sell a security priced below \$1.00 or if the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the BZX Book and subsequently provided liquidity, including the applicable fees charged or rebates provided. To determine at the time of a potential execution whether the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the BZX Book and subsequently provided liquidity, the Exchange will use the highest possible rebate paid and highest possible fee charged for such executions on the Exchange. A BZX Post Only Order will be subject to the price sliding process as set forth in paragraph (g) below unless a User has entered instructions not to use the price sliding process. See Rule 11.9(c)(6).

¹² An Intermarket Sweep Order (“ISO”) has the meaning defined to it in Regulation NMS Rule 600. See 17 CFR § 242.600, Regulation NMS Rule 600(b)(47), definition of Intermarket Sweep Order, available at: <https://www.ecfr.gov/current/title-17/chapter-II/part-242/subject-group-ECFRac68bdd026a46db/section-242.600>; see also Rule 11.9(d), Intermarket Sweep Order.

¹³ A BZX Market Order is an order to buy or sell a stated amount of a security that is to be executed at the NBBO when the order reaches the Exchange See Rule 11.9(a)(2).

¹⁴ A Stop Order is an order that becomes a BZX market order when the stop price is elected. A Stop Order to buy is elected when the consolidated last sale in the security occurs at, or above, the specified stop price. A Stop Order to sell is elected when the consolidated last sale in the security occurs at, or below, the specified stop price. See Rule 11.9(c)(16)

Eligible Auction Order¹⁵ Minimum Quantity Orders¹⁶ that also include a TIF of Regular Hours Only,¹⁷ and all orders with a TIF of immediate or cancel (“IOC”)¹⁸ or fill-or-kill (“FOK”).¹⁹ At the commencement of the Early Trading Session, orders entered between 6:00 a.m. and 7:00 a.m. are handled in time sequence, beginning with the order with the oldest time stamp, and are placed on the BZX Book,²⁰ routed, cancelled, or executed in accordance with the terms of the order. Orders may be executed on the Exchange or routed away from the Exchange during Regular Trading Hours and during the Early Trading, Pre-Opening and After Hours Trading Sessions.

Proposed Functionality

The Exchange now seeks to amend Rule 1.5(ff), Rule 11.1(a), and Rule 14.11(j)(1), to make the following changes to its Early Trading Session: (1) extend the Early Trading Sessions from 7:00

¹⁵ The term “Eligible Auction Order” shall mean any MOO, LOO, LLOO, MOC, LOC, or LLOC order that is entered in compliance with its respective cutoff for an Opening or Closing Auction, any RHO order prior to the Opening Auction, any limit or market order not designated to exclusively participate in the Closing Auction entered during the Quote-Only Period of an IPO Auction subject to the below restrictions, and any limit or market order not designated to exclusively participate in the Opening or Closing Auction entered during the Quote-Only Period of a Halt Auction. See Rule 11.23(a)(8).

¹⁶ A Minimum Quantity Order is a limit order to buy or sell that will only execute if a specified minimum quantity of shares can be obtained. See Rule 11.9(c)(5).

¹⁷ Regular Hours Only (“RHO”) refers to a limit or market order that is designated for execution only during Regular Trading Hours, which includes the Opening Auction, the Closing Auction, and IPO/Halt Auctions for BZX listed securities and the Opening Process for non-BZX-listed securities (as such terms are defined in Rule 11.23 and 11.24). Any portion of a market RHO order will be cancelled immediately following any auction in which it is not executed. See Rule 11.9(b)(7).

¹⁸ An Immediate-or-Cancel (“IOC”) order is a limit order that is to be executed in whole or in part as soon as such order is received. The portion not executed immediately on the Exchange or another trading center is treated as cancelled and is not posted to the BZX Book. IOC limit orders that are not designated as “BZX Only” and that cannot be executed in accordance with Rule 11.13(a)(4) on the System when reaching the Exchange will be eligible for routing away pursuant to Rule 11.13(b). See Rule 11.9(b)(1).

¹⁹ Fill-or-Kill (“FOK”) is a limit order that is to be executed in its entirety as soon as it is received and, if not so executed, cancelled. A limit order designated as FOK is not eligible for routing away pursuant to Rule 11.13(b). See Rule 11.9(b)(6).

²⁰ The term “BZX Book” shall mean the System’s electronic file of orders. See Rule 1.5(e).

a.m. to 8:00 a.m. Eastern Time (“ET”), to 4:00 a.m. to 8:00 a.m.; (2) implement an order acceptance time of, 2:30 a.m. to 4:00 a.m.; and (3) implement start times of 4:00 a.m. and 7:00 a.m.

The proposed extension of the Early Trading Session is in response to feedback from market participants that trade during EDGX’s Early Trading Session that an extended BZX Early Trading Session is desirable, as it would provide the market with another transparent, well-regulated, national securities exchange on which to seek extended hours liquidity.

In conjunction with extending its Early Trading Session to commence at 4:00 a.m., BZX also seeks to amend its rules to implement an order acceptance period of 2:30 a.m. to 4:00 a.m. This will enable Users to enter orders onto the Exchange in advance of the commencement of the trading on the Exchange and designate their orders for trading in the session(s) the User desires – i.e., the Early Trading Session, Pre-Opening Session, Regular Trading Hours, and/or the Post-Closing Session. The Exchange believes that the implementation of an order acceptance period will help assist Users in managing their order flow by enabling them to send orders earlier in the day, with designated TIFs²¹ indicating which trading session(s) they wish to participate.

The Exchange also proposes to add a start time of 4:00 a.m. and 7:00 a.m., to the proposed new Early Trading Session. As noted, Users may enter orders onto BZX beginning at 2:30 a.m., and orders designated for trading in the Early Trading Session will become eligible for execution

²¹ For instance, a User may designate their orders with the following TIF instructions: 0=DAY (Default) (Early Trading Session until end of Regular Session); 1=GTC (Allowed, but treated same as Day); 2=At the Open(Available on BZX and applicable to Cboe listed securities only); 3=IOC (Portion not filled immediately is cancelled); 4=FOK (An IOC where the entire size must be filled, else the order will be cancelled back); 5=GTX (Early Trading Session until end of Post-Market Session); 6=GTD (Early Trading Session; expires at earlier of specified Expire Time or end of Post-Market Session); 7=At the Close(Available on BZX and applicable to Cboe listed securities and Cboe Market Close symbols); E=PRE (Pre-Market Trading Session until end of Regular Session); R=RHO (Regular Hours/Session Only); T=PTD (Pre-Market Trading Session; expires at earlier of specified Expire Time or end of Post-Market Session); or X=PTX (Pre-Market Trading Session until end of Post-Market Session). See “Cboe US Equities FIX Specifications,” p. 32, available at: <https://www.cboe.com/us/equities/support/technical/>; see also “Cboe US Equities BOE Specification,” p. 92, available at: <https://www.cboe.com/us/equities/support/technical/>.

with at 4:00 a.m., unless Users designate their Early Trading Session Orders to become executable at 7:00 a.m., instead. The 7:00 a.m. start time is valued by some Users in that they prefer to wait to commence trading until 7:00 a.m., because there may typically be more liquidity further into the Early Trading Session. Accordingly, this proposed rule change would provide that at the commencement of the Early Trading Session, orders entered into the System between 2:30 a.m. and 4:00 a.m. would generally become eligible for execution at 4:00 a.m. However, a User may include in its order instructions a designation that their Early Trading Session orders shall not become eligible for execution until 7:00 a.m., rather than 4:00 a.m. Orders entered with a 7:00 a.m. start time could be entered between 2:30 a.m. and 7:00 a.m. At each start time that orders may become eligible for execution in the Early Trading Session (i.e., 4:00 a.m. or 7:00 a.m.), orders would be handled in time sequence, beginning with the order with the oldest time stamp, and would be placed on the BZX Book, routed, cancelled, or executed in accordance with the terms of the order.

For instance, an order entered by a User at 3:00 a.m., and that is designated to participate in the Early Trading Session with a 4:00 a.m. start time, will be entered onto the EDGX Book at the commencement of the Early Trading Session, at 4:00 a.m., and immediately become eligible for execution (“Order 1”). An order entered at 2:30 a.m., and that is designated to participate in the Early Trading Session with a 7:00 a.m. start time, will be entered onto the BZX Book at 7:00 a.m., and become eligible for execution at 7:00 a.m. (“Order 2”). While Order 2 was entered earlier than Order 1, Order 1 will be handled by the System first, as it was entered onto the BZX Book and became eligible for execution, earlier than Order 2. Order 2 will have time priority relative to other orders entered between 2:30 a.m. and 4:30 a.m., with a designated 7:00 a.m.

start time. Once Order 2 enters the EDGX Book, it will cede time priority to Order 1, and other orders entered between 2:30 a.m. and 8:00 a.m., with a start time of 4:00 a.m.

Importantly, these proposed changes will not change the operation of the Early Trading Session, and orders entered for participation in the Early Trading Session will continue to be handled in the same manner as they are in today's current Early Trading Session. Indeed, the proposed rule change merely permits the Exchange to begin order acceptance and commence trading at earlier times, thereby providing additional time for market participants to source and access liquidity on the Exchange outside of Regular Trading Hours. In this regard, the Exchange believes that amending its rules to extend the Exchange's trading hours will benefit investors in that they will now be able trade on the Exchange earlier in day. Moreover, the proposed amendments fully align BZX's Early Trading Session times with that of Cboe EDGX Exchange, Inc. ("EDGX"), which should help to mitigate any potential operational and technological changes that Users of BZX may need to consider when trading during the proposed BZX Early Trading Session.

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.²² Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)²³ 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

²² 15 U.S.C. 78f(b).

²³ 15 U.S.C. 78f(b)(5).

respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)²⁴ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the proposed rule changes will remove impediments to and perfect the mechanism of a free and open market and national market system and will benefit investors by providing market participants with additional opportunities to source and access liquidity for their orders on their Exchange. All orders entered during the proposed acceptance period and extended Early Trading Session hours will continue to be handled in the same manner as they are today. In addition to this, the proposed rule changes will not affect the protection of investors as they are consistent with early trading session hours, as well as the system acceptance times, already in place under the rules of other equities exchanges,²⁵ as previously filed with the Commission.²⁶ Finally, the Exchange notes that updating the references to Early Trading Session operation times in Rules 11.1 and 14.1 will also remove impediments to and perfect the mechanism of a free and open market and national market system and benefit investors because the updates ensure that the Exchange Rules properly reflect the proposed changes to the Early Trading Session hours.

²⁴ Id.

²⁵ See NYSE Arca Rule 7.34-E(a)(1); see also Nasdaq Section 1, Equity Definitions (a)(9).

²⁶ See Securities Exchange Release No. 92657 (August 12, 2021), 86 FR 46296 (December 18, 2021) (SR-NYSEARCA-2021-71); see also Securities Exchange Release No. 90577 (December 7, 2020), 85 FR 80202, (December 11, 2020)(SR-NASDAQ-2020-079).

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. Particularly, 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 purposes of the Act because all Users will be able to enter orders earlier in the day for System acceptance and for execution in the extended Early Trading Session. As stated, the proposed rule change does not alter the manner in which a User's orders are handled. The Exchange also does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. Instead, the proposed changes may promote competition because the proposed trading hours are identical to those of early trading sessions currently in place on Arca and Nasdaq.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange neither solicited nor received comments on the proposed rule change.

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

Pursuant to Section 19(b)(3)(A) of the Act²⁷ and Rule 19b-4(f)(6)²⁸ thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days

²⁷ 15 U.S.C. 78s(b)(3)(A).

²⁸ 17 CFR 240.19b-4(f)(6).

after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.²⁹

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)³⁰ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requested that the Commission waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange states that waiver of operative delay would enable to the Exchange to quickly offer its Users another venue to which to direct their extended hours orders, thereby providing Users with an additional source of liquidity on a well-regulation, transparent, national securities exchange. Furthermore, the Exchange's proposal is identical to the Early Trading Session that currently exists on the Exchange's affiliate, EDGX today, and thus, this proposed rule change raises no novel or unique regulatory issues. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposed rule change operative upon filing.³¹

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

²⁹ In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

³⁰ 17 CFR 240.19b-4(f)(6)(iii).

³¹ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-CboeBZX-2025-046 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-CboeBZX-2025-046. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should

submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-CboeBZX-2025-046 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³²

J. Matthew DeLesDernier,

Deputy Secretary.

³² 17 CFR 200.30-3(a)(12), (59).