

# SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103955; File No. SR-CboeBZX2025-125]

## **Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rule 11.23 to Explicitly Provide that the Exchange may Extend the Quote-Only Period for an Initial Public Offering Auction where a Derivative Security Fails to Meet the Exchange’s Listing Qualification Requirements as Set Forth in Exchange Rule 14.11**

September 12, 2025.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 ( “Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that on September 3, 2025 Cboe BZX Exchange, Inc. (the “Exchange”) filed with the Securities and Exchange Commission (the “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 Act<sup>4</sup> and Rule 19b-4(f)(6) thereunder.<sup>5</sup> The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Cboe BZX Exchange, Inc. (“BZX” or the “Exchange”) is filing with the Securities and Exchange Commission (“Commission” or “SEC”) a proposed rule change to amend Rule 11.23

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>5</sup> 17 CFR 240.19b-4(f)(6).

to explicitly provide that the Exchange may extend the Quote-Only Period<sup>6</sup> for an initial public offering (“IPO”) Auction<sup>7</sup> where a Derivative Security<sup>8</sup> fails to meet the Exchange’s listing qualification requirements as set forth in Exchange Rule 14.11. 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/](http://markets.cboe.com/us/equities/regulation/rule_filings/bzx/)) and at the Exchange’s Office of the Secretary.

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

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

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

#### 1. Purpose

The Exchange proposes to amend Rule 11.23 to explicitly provide that the Exchange may extend the Quote-Only period for an IPO Auction where a Derivative Security fails to meet the Exchange’s listing qualification requirements as set forth in Rule 14.11. The Exchange believes

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<sup>6</sup> The term “Quote-Only Period” shall mean a designated period of time prior to a Halt Auction, a Volatility Closing Auction, or an IPO Auction during which Users may submit orders to the Exchange for participation in the auction. See Exchange Rule 11.23(a)(17).

<sup>7</sup> See Exchange Rule 11.22(l)(2)(B).

<sup>8</sup> The term “Derivative Security” means a security that meets the definition of “new derivative securities product” in Rule 19b-4(e) under the Exchange Act. See Exchange Rule 1.5(dd).

this proposal reinforces the Exchange's broad discretionary authority over the initial and continued listing of securities,<sup>9</sup> and particularly its authority to halt a Derivative Security listed on the Exchange that does not meet the Exchange's listing qualifications requirements. The Exchange also believes the proposal clarifies that in order to halt trading in a Derivative Security eligible for an IPO Auction the Exchange will extend the Quote-Only Period of an IPO Auction.

Exchange Rule 11.23(d)(2) sets forth the IPO and Halt Auction Process. Specifically, Rule 11.23(d)(2)(B) provides that the Quote-Only Period of an IPO Auction may be extended in four specific instances: (i) there are unmatched market orders on the Auction Book<sup>10</sup> associated with the auction; (ii) the underwriter requests an extension; (iii) where the Indicative Price<sup>11</sup> moves the greater of 10% or fifty (50) cents in the fifteen (15) seconds prior to the auction; or (iv) in the event of a technical or systems issue at the Exchange that may impair the ability of Users<sup>12</sup> to participate in the IPO Auction or of the Exchange to complete the IPO Auction. Now, the Exchange proposes to adopt Rule 11.23(d)(2)(B)(v) which would provide that the Quote-Only Period may also be extended where a Derivative Security fails to meet the Exchange's listing qualification requirements as set forth in Rule 14.11.

The Exchange believes this proposal reinforces the Exchange's broad discretionary authority over the initial and continued listing of securities,<sup>13</sup> and particularly its authority to halt a Derivative Security listed on the Exchange that does not meet the Exchange's listing qualifications requirements. The Exchange also believes the proposal clarifies that in order to

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<sup>9</sup> See Exchange Rules 14.2 and 14.6.

<sup>10</sup> See Exchange Rule 11.23(a)(1).

<sup>11</sup> See Exchange Rule 11.23(a)(10).

<sup>12</sup> See Exchange Rule 1.5(cc).

<sup>13</sup> See Exchange Rules 14.2 and 14.6.

halt trading in a Derivative Security eligible for an IPO Auction the Exchange will extend the Quote-Only Period of an IPO Auction. The Exchange notes that another exchange's rules explicitly provide that it may halt trading in a listed security when it requests from the issuer information relating to the issuer's ability to meet listing qualification requirements,<sup>14</sup> which mirrors the intent of this proposed rule.

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>15</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>16</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>17</sup> 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 that this proposal benefits and protects investors because it is designed to reinforce the Exchange's broad discretionary authority over the initial

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<sup>14</sup> See Nasdaq Stock Market, LLC ("Nasdaq") Rule 4120(a)(5)(B).

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

<sup>16</sup> 15 U.S.C. 78f(b)(5).

<sup>17</sup> Id.

and continued listing of securities,<sup>18</sup> and particularly its authority to halt a Derivative Security listed on the Exchange that does not meet the Exchange’s listing qualifications requirements. The Exchange believes this proposed change will avoid confusion and enhance clarity with respect to how the Exchange will halt trading in a Derivative Security that is eligible to participate in an IPO Auction.

The Exchange does not believe that the proposal is an expansion of the Exchange’s broad discretionary authority over the initial and continued listing of securities on the Exchange, but instead reinforces such authority applicable under existing Exchange rules.<sup>19</sup> The Exchange also notes that another exchange has explicit rule language permitting trading halts when requesting issuer information about listing qualification compliance, which mirrors the intent of this proposed rule.<sup>20</sup>

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<sup>18</sup> See Exchange Rules 14.2 and 14.6.

<sup>19</sup> Interpretation and Policy .01(c) to Exchange Rule 14.6 broadly references the Exchange’s discretion for instituting a halt for the maintenance of a fair and orderly market. Exchange Rule 14.2 provides the Exchange with “broad discretionary authority over the initial and continued listing of securities on the Exchange in order to maintain the quality of and public confidence in its market, to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and to protect investors and the public interest. The Exchange may use such discretion to deny initial listing, apply additional or more stringent criteria for the initial or continued listing of particular securities, or suspend or delist particular securities based on any event, condition, or circumstance that exists or occurs that makes initial or continued listing of the securities on the Exchange inadvisable or unwarranted in the opinion of the Exchange, even though the securities meet all enumerated criteria for initial or continued listing on the Exchange.” Furthermore, the Exchange notes that various Exchange rule filings to adopt rules governing the listing and trading of Derivative Securities contemplate the Exchanges authority to halt trading in such securities. For example, the order approving the adoption of the ETF Shares listing rule under Exchange Rule 14.11(l) provided that the Exchange “may consider all relevant factors in exercising its discretion to halt or suspend trading in a series of ETF Shares. Trading may be halted...because of other market conditions, or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include...or (4) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.” See Securities Exchange Act No. 88566 (April 6, 2020) 85 FR 20312 (April 10, 2020) (SR-CboeBZX-2019-097) (Notice of Filing of Amendment No. 2 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 2, To Adopt BZX Rule 14.11(l) Governing the Listing and Trading of Exchange-Traded Fund Shares).

<sup>20</sup> See Nasdaq Rule 4120(a)(5)(B).

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. On the contrary, the proposed rule change is not designed to address any competitive issues but is only intended to reinforce the Exchange's broad discretionary authority over the initial and continued listing of securities and clarify that the Exchange will extend the Quote-Only Period of an IPO Auction if the Derivative Security fails to meet the Exchange's listing qualification requirements as set forth in Rule 14.11.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>21</sup> and Rule 19b-4(f)(6)<sup>22</sup> thereunder. Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; or (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>23</sup> and Rule 19b-4(f)(6)<sup>24</sup> thereunder.

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<sup>21</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>22</sup> 17 CFR 240.19b-4(f)(6).

<sup>23</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>24</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

A proposed rule change filed under Rule 19b-4(f)(6)<sup>25</sup> normally does not become operative prior to 30 days after the date of the filing. However, Rule 19b-4(f)(6)(iii)<sup>26</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the Exchange may immediately add clarity to its rulebook by explicitly providing that the Exchange will extend the Quote-Only Period of an IPO Auction if the Derivative Security fails to meet the Exchange's listing qualification requirements as set forth in Rule 14.11. The Commission finds that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposed rule change as operative upon filing.<sup>27</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

#### IV. Solicitation of Comments

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

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<sup>25</sup> Id.

<sup>26</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>27</sup> 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 U.S.C. 78c(f).

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-CboeBZX2025-125 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-CboeBZX2025-125. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright



protection. All submissions should refer to file number SR-CboeBZX2025-125 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.<sup>28</sup>

**Sherry R. Haywood,**  
*Assistant Secretary.*

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<sup>28</sup> 17 CFR 200.30-3(a)(12), (59).