

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-100260; File No. SR-CboeEDGX-2024-031)

June 3, 2024

Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Delay Implementation of a New Connectivity Offering Through Dedicated Cores

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 31, 2024, Cboe EDGX Exchange, Inc. (the “Exchange” or “EDGX”) 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 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

Cboe EDGX Exchange, Inc. (the “Exchange” or “EDGX”) proposes to delay implementation of a new connectivity offering.

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

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).

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 delay the implementation of Dedicated Cores. The Exchange previously filed SR-CboeEDGX-2024-026 to establish Dedicated Cores effective June 3, 2024.⁵

By way of background, SR-CboeEDGX-2024-026 proposed to introduce a new connectivity offering relating to the use of Dedicated Cores. Historically, Central Processing Units (“CPU Cores”) have been shared by logical order entry ports (i.e., multiple logical ports from multiple firms may connect to a single CPU Core). The introduction of Dedicated Cores would allow Users⁶ to assign a single Binary Order Entry (“BOE”) logical order entry port⁷ to a

⁵ See Securities Exchange Act Release No. 97658 (May 20, 2024), 89 FR 45930 (May 24, 2024) (SR-CboeEDGX-2024-026) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Introduce a New Connectivity Offering Through Dedicated Cores) (“SR-CboeEDGX-2024-026”).

⁶ A User may be either a Member or Sponsored Participant. The term “Member” shall mean any registered broker or dealer that has been admitted to membership in the Exchange, limited liability company or other organization which is a registered broker or dealer pursuant to Section 15 of the Act, and which has been approved by the Exchange. A Sponsored Participant may be a Member or non-Member of the Exchange whose direct electronic access to the Exchange is authorized by a Sponsoring Member subject to certain conditions. See Exchange Rule 11.3.

⁷ Users may currently connect to the Exchange using a logical port available through an application programming interface (“API”), such as the Binary Order Entry (“BOE”) protocol. A BOE logical order entry port is used for order entry.

single dedicated CPU Core (“Dedicated Core”).⁸ Use of Dedicated Cores can provide reduced latency, enhanced throughput, and improved performance since a firm using a Dedicated Core is utilizing the full processing power of a CPU Core instead of sharing that power with other firms. This offering is completely voluntary and will be available to all Users.⁹ Users will also continue to have the option to utilize BOE logical order entry ports on shared CPU Cores as they do today, either in lieu of, or in addition to, their use of Dedicated Core(s). As such, Users will be able to operate across a mix of shared and dedicated CPU Cores which the Exchange believes provides additional risk and capacity management, especially during times of market volatility and high message traffic. Further, Dedicated Cores are not required nor necessary to participate on the Exchange and as such Users may opt not to use Dedicated Cores at all.

SR-CboeEDGX-2024-026 stated that the rule change would be implemented on June 3, 2024. At this time, the Exchange proposes to delay the implementation of SR-CboeEDGX-2023-026 [sic] to on or after July 1, 2024 to permit the Exchange additional time to implement Dedicated Cores in the Exchange’s data center. The Exchange would issue a Trade Desk Notice announcing the exact implementation date to members and member organizations.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁰ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹¹ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect

⁸ The Exchange notes that firms will not have physical access to their Dedicated Core and thus cannot make any modifications to the Dedicated Core or server. All Dedicated Cores (including servers used for this service) are owned and operated by the Exchange.

⁹ The Exchange intends to submit a separate rule filing to adopt monthly fees related to the use of Dedicated Cores.

¹⁰ 15 U.S.C. 78f(b)

¹¹ 15 U.S.C. 78f(b)(5).

the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. The Exchange's proposal to delay the implementation of SR-CboeEDGX-2024-026 to on or after July 1, 2024 is consistent with the Act and the protection of investors and the general public as it will permit the Exchange additional time to ensure the Exchange's data center can accommodate the proposed Dedicated Cores. As noted, the Exchange would issue a Trade Desk Notice announcing the exact implementation date to members and member organizations.

B. Self-Regulatory Organization's Statement on Burden on Competition

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange's proposal to delay the implementation of SR-CboeEDGX-2024-026 to on or after July 1, 2024 does not impose any burden on competition as it will permit the Exchange additional time to implement Dedicated Cores.

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

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; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the

public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act¹² and Rule 19b-4(f)(6) thereunder.¹³

A proposed rule change filed under Rule 19b-4(f)(6)¹⁴ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹⁵ the Commission may 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 proposal may become operative immediately upon filing. Waiver of the operative delay would allow the Exchange to immediately delay the implementation of SR-CboeEDGX-2024-026 to establish Dedicated Cores and provide the Exchange additional time to ensure readiness at the Exchange's data center for implementation of Dedicated Cores on or after July 1, 2024. The Commission believes that the proposed rule change presents no novel legal or regulatory issues, and that waiver of 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 operative upon filing.¹⁶

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

¹² 15 U.S.C. 78s(b)(3)(A)(iii).

¹³ 17 CFR 240.19b-4(f)(6). 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, 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.

¹⁴ 17 CFR 240.19b-4(f)(6).

¹⁵ 17 CFR 240.19b-4(f)(6)(iii).

¹⁶ 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).

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 under Section 19(b)(2)(B) of the Act¹⁷ to determine whether the proposed rule change 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:

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-CboeEDGX-2024-031 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-CboeEDGX-2024-031. 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

¹⁷ 15 U.S.C. 78s(b)(2)(B).

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-CboeEDGX-2024-031 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.¹⁸

Sherry R. Haywood,

Assistant Secretary.

¹⁸ 17 CFR 200.30-3(a)(12), (59).