

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104470; File No. SR-CboeEDGX-2025-072]

Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Order Instituting Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change to Modify Rule 11.21 to Adopt a Retail Price Improvement Program and Modify Rule 11.6(e)(2) and Rule 11.10(a)(4)(C) – (D) in Order to Describe the Behavior of Orders Containing a Non-Displayed Instruction

December 19, 2025.

I. Introduction

On September 30, 2025, Cboe EDGX Exchange, Inc. (“EDGX” or the “Exchange”) 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 modify Rule 11.21 to adopt a Retail Price Improvement program (“Retail Price Improvement Program”). The Exchange also proposes to modify Rule 11.6(e)(2) and Rule 11.10(a)(4)(C) – (D) in order to describe the behavior of orders containing a “Non-Displayed” instruction. The proposed rule change was published for comment in the Federal Register on October 3, 2025.³ On November 3, 2025, pursuant to Section 19(b)(2) of the Act,⁴ the Commission designated a longer period within which to approve the proposed rule change,

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 104153 (Sept. 30, 2025), 90 FR 48098 (“Notice”). The Commission has not received any comments on the proposed rule change.

⁴ 15 U.S.C. 78s(b)(2).

disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.⁵

The Commission is publishing this order to institute proceedings under Section 19(b)(2)(B) of the Act⁶ to determine whether to approve or disapprove the proposed rule change.

II. Summary of the Proposal

As described in more detail in the Notice,⁷ the Exchange proposes to modify Rule 11.21 to add a Retail Price Improvement Program, and to modify Rules 11.6(e)(2) and Rule 11.10(a)(4)(C) – (D) in order to describe the behavior of orders containing a “Non-Displayed” instruction.⁸

According to the Exchange, its proposed Retail Price Improvement Program, designed to provide price improvement to Retail Orders,⁹ is generally consistent with similar programs offered by other national securities exchanges with the following main differences:¹⁰ (1) Retail Orders entered on the Exchange may be entered with a time-in-force other than Immediate-or-Cancel

⁵ See Securities Exchange Act Release No. 104173, 90 FR 51424 (Nov. 17, 2025) (designating January 1, 2026, as the date by which the Commission shall either approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule changes).

⁶ 15 U.S.C. 78s(b)(2)(B).

⁷ See Notice, supra note 3.

⁸ EDGX Rule 11.6(e) defines “Display Options,” and EDGX Rule 11.6(e)(2) provides that a “Non-Displayed” instruction is an instruction the User (defined in EDGX Rule 1.5(ee)) may attach to an order stating that the order is not to be displayed by the System (defined in EDGX Rule 1.5(cc)) on the EDGX Book (defined in EDGX Rule 1.5(d)). An order with a Non-Displayed instruction that is to be re-routed pursuant to the “Post to Away” routing option set forth in EDGX Rule 11.11(g)(12) will be identified as Non-Displayed when routed to an away Trading Center (defined in EDGX Rule 2.11(a)).

⁹ Pursuant to EDGX Rule 11.21(a)(2), a “Retail Order” is an agency order or riskless principal order that meets the criteria of FINRA Rule 5320.03 that originates from a natural person and is submitted to the Exchange by a Retail Member Organization, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology.

¹⁰ See Notice, supra note 3, at 48099.

(“IOC”);¹¹ (2) Retail Price Improvement Orders¹² will only be eligible to execute against incoming Retail Orders and will not be eligible to remove resting Retail Orders from the EDGX Book; and (3) Users will have the ability to enter the proposed Retail Price Improvement Order as a MidPoint Peg Order as described in Rule 11.8(d).¹³

The Exchange also proposes to amend Rule 11.6(e)(2) and Rule 11.10(a)(4)(C) – (D) in order to describe the price at which a Non-Displayed Order is posted and ranked to the EDGX Book and at what price a Non-Displayed Order may execute in certain situations.¹⁴

III. Proceedings to Determine Whether to Approve or Disapprove SR-CboeEDGX-2025-072 and Grounds for Disapproval Under Consideration

The Commission is instituting proceedings pursuant to Section 19(b)(2)(B) of the Act¹⁵ to determine whether the proposed rule change should be approved or disapproved. Institution of proceedings is appropriate at this time in view of the legal and policy issues raised by the proposal. Institution of proceedings does not indicate that the Commission has reached any

¹¹ See EDGX Rule 11.6(q)(1). Immediate-or-Cancel (“IOC”) is an instruction the User may attach to an order stating the order 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 EDGX Book. An order with an IOC instruction that does not include a Book Only instruction (defined in EDGX Rule 21.1(d)(7)) and that cannot be executed in accordance with EDGX Rule 11.10(a)(4) on the System when reaching the Exchange will be eligible for routing away pursuant to EDGX Rule 11.11. Under the proposal, because Retail Orders may be entered with a time-in-force other than IOC, Retail Orders will be allowed to post to the EDGX Book or route to away trading centers according to User instructions. See Notice, supra note 3, at 48099.

¹² Under the proposed Retail Price Improvement Program, “Retail Price Improvement Orders” consist of non-displayed interest on the Exchange that is eligible to interact with incoming Retail Orders and that is identified as such. To be executable, a Retail Price Improvement Order must be priced at least \$0.001 better than the Protected NBB or Protected NBO (each as defined in EDGX Rule 1.5(f)) and may be priced in \$0.001 increments (e.g., \$10.001). The Exchange states that it plans to submit a request for an exemption under Regulation NMS Rule 612 that would permit it to accept and rank non-displayed Retail Price Improvement interest. See Notice, supra note 3, at 48100, n.22. Rule 612 generally prohibits a national securities exchange from accepting, displaying, or ranking bids, offers, orders and indications of interest in an increment smaller than the minimum pricing increment. See 17 CFR 242.612.

¹³ See proposed EDGX Rule 11.21(a)(3). See also Notice, supra note 3, at 48103.

¹⁴ See Notice, supra note 3, at 48104.

¹⁵ 15 U.S.C. 78s(b)(2)(B).

conclusions with respect to any of the issues involved. Rather, as described below, the Commission seeks and encourages interested persons to provide comments on the proposed rule change.

Pursuant to Section 19(b)(2)(B) of the Act,¹⁶ the Commission is providing notice of the grounds for disapproval under consideration. As described above, the Exchange has proposed to modify its rules to add a Retail Price Improvement Program, as well as to modify its rules relating to how orders with Non-Displayed instructions will be posted, ranked, and executed. The Commission is instituting proceedings to allow for additional analysis of, and input from commenters with respect to, the proposal's consistency with the Act, and in particular with Section 6(b)(5)¹⁷ of the Act. Section 6(b)(5) of the Act requires that the rules of a national securities exchange be designed, among other things, 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 system and, in general, to protect investors and the public interest, and not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Commission asks that commenters address the sufficiency of the Exchange's statements in support of the proposal, in addition to any other comments they may wish to submit about the proposed rule change. In particular, the Commission seeks comment on whether the proposal, which would add a Retail Price Improvement Program and modify rules relating to Non-Displayed order instructions: would protect investors and the public interest, is not designed to permit unfair discrimination, or raises any new or novel concerns not previously contemplated by the Commission.

IV. Procedure: Request for Written Comments

¹⁶ Id.

¹⁷ 15 U.S.C. 78f(b)(5).

The Commission requests that interested persons provide written submissions of their data, views, and arguments with respect to the issues identified above, as well as any other concerns they may have with the proposal. In particular, the Commission invites the written views of interested persons concerning whether the proposed rule change is consistent with Section 6(b)(5) or any other provision of the Act, and the rules and regulations thereunder. Although there do not appear to be any issues relevant to approval or disapproval that would be facilitated by an oral presentation of data, views, and arguments, the Commission will consider, pursuant to Rule 19b-4 under the Act,¹⁸ any request for an opportunity to make an oral presentation.¹⁹

Interested persons are invited to submit written data, views, and arguments regarding whether the proposed rule change should be approved or disapproved by [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. Any person who wishes to file a rebuttal to any other person's submission must file that rebuttal by [INSERT DATE 35 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

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

¹⁸ 17 CFR 240.19b-4.

¹⁹ Section 19(b)(2) of the Act, as amended by the Securities Acts Amendments of 1975, Pub. L. 94-29 (Jun. 4, 1975), grants to the Commission flexibility to determine what type of proceeding – either oral or notice and opportunity for written comments – is appropriate for consideration of a particular proposal by a self-regulatory organization. *See* Securities Acts Amendments of 1975, Senate Comm. on Banking, Housing & Urban Affairs, S. Rep. No. 75, 94th Cong., 1st Sess. 30 (1975).

SR-CboeEDGX-2025-072 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-2025-072. 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-CboeEDGX-2025-072 and should be submitted by [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. Rebuttal comments should be submitted by [INSERT DATE 35 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁰

Sherry R. Haywood,

Assistant Secretary.

²⁰ 17 CFR 200.30-3(a)(57).