**SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-105785; File No. SR-MRX-2026-11]**

**Self-Regulatory Organizations; Nasdaq MRX, LLC; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified and Superseded by Amendment No. 1, to Adopt Extended Trading Hours for Eligible Equity and Index Options**

June 26, 2026.

## I. Introduction

On March 19, 2026, Nasdaq MRX, LLC ("MRX" 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 allow for extended trading sessions of certain index options and eligible equity options. The proposed rule change was published for comment in the Federal Register on March 31, 2026.[3] On May 12, 2026, pursuant to Section 19(b)(2) of the Act,[4] the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.[5] On June 12, 2026, the Exchange filed Amendment No. 1 to the proposed rule change, which amended and superseded the original proposed rule change in its entirety.[6] The Commission is publishing this

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 See Securities Exchange Act Release No. 105097 (Mar. 26, 2026), 91 FR 16066.

4 15 U.S.C. 78s(b)(2).

5 See Securities Exchange Act Release No. 105452, 91 FR 27995 (May 15, 2026). The Commission designated June 29, 2026, as the date by which the Commission shall approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change. See id.

6 The full text of Amendment No. 1 can be found on the Commission's website at

notice and order to solicit comment on Amendment No. 1 in Sections II and III below, which sections are being published verbatim as filed by the Exchange, and to approve the proposed rule change, as modified and superseded by Amendment No. 1, on an accelerated basis.

II. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend its rules to adopt extended trading hours to allow for the trading of certain eligible index options and equity options, and make related conforming changes. The Exchange initially submitted this rule filing on March 19, 2026 (the "Initial Filing").[7] This Amendment No. 1 supersedes the Initial Filing and replaces it in its entirety. This Amendment No. 1 provides additional support for the proposal and also adds to the proposal by: (1) detailing the selection and removal process for equity options for extended trading hours, including the semiannual review process for equity option eligibility and designation for extended trading hours, (2) limiting stop orders and stock-tied complex orders during extended trading hours, (3) modifying the opening process trigger, (4) specifying how orders may be designated for participation during which trading hours, (5) describing the application of market maker appointments, opening process quoting obligations, continuous quoting obligations, and participation entitlements during extended trading hours, and (6) including references to equity options in the proposed extended trading hours disclosures.

The text of the proposed rule change is available on the Exchange's Website at https://listingcenter.nasdaq.com/rulebook/mrx/rulefilings, and at the principal office of the Exchange.

III. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the

https://www.sec.gov/comments/SR-MRX-2026-11/srmrx202611-818280-2493511.pdf.

7 See Securities Exchange Act Release No. 105097 (March 26, 2026), 91 FR 16066 (March 31, 2026) (SR-MRX-2026-11).

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 its rules to adopt extended trading hours ("Extended Trading Hours" or "ETH") for certain eligible index options and equity options, and to make related conforming changes. Specifically for index options, the Exchange proposes to allow for ETH trading of NDX,[8] NDXP,[9] and XND[10] options during ETH. For equity (e.g., stock and ETF) options, the Exchange proposes to allow for ETH trading of multi-listed equity options that meet certain eligibility criteria based on quantitative metrics like trading volume and market capitalization, which are designed to limit eligibility to actively traded and liquid products. As discussed in detail below, Extended Trading Hours will consist of:

- An early ETH session ("Early ETH Session") from 7:30 a.m. Eastern Time[11] to 9:25 a.m.; and
- An extended close ("Extended Close") where trading in certain eligible option classes will extend beyond 4:00 p.m. to 4:15 p.m.

Background

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8 NDX options refers to a.m.-settled options on the Nasdaq-100 Index.

9 NDXP options refers to p.m.-settled options on the Nasdaq-100 Index.

10 XND options refers to options that are based on 1/100 the value of the Nasdaq-100 Index.

11 All times in this filing are Eastern Time unless otherwise noted.

Currently, options transactions may be made on the Exchange from 9:30 a.m. through 4:00 p.m. or 4:15 p.m.[12] (9:30 a.m. through 4:00 p.m. or 4:15 p.m., as applicable, will be referred to as "Regular Trading Hours" or "RTH"). Regular Trading Hours are consistent with the regular trading hours of other U.S. options exchanges and U.S. equity exchanges. However, many U.S. equity exchanges and certain other U.S. options exchanges, including Cboe Exchange, Inc. ("Cboe"), presently allow for trading outside of Regular Trading Hours as well.[13]

The Exchange believes there is investor demand for trading equity options and index options outside of RTH. As noted above, many U.S. equity exchanges allow for trading in securities before and after the regular trading hours of 9:30 a.m. to 4:00 p.m., including in stocks that comprise the Nasdaq-100 Index.[14] It is common for investors to engage in hedging and other investment strategies that involve index options and some of the stocks that comprise the underlying index, as well as investment strategies involving equity options and their underlying securities. Currently, this investment activity on the Exchange would be limited to Regular Trading Hours. Allowing certain eligible index options and equity options to participate during Extended Trading Hours would help align trading in such products to the expanded trading that

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12 See Options 3, Section 1.

13 For example, The Nasdaq Stock Exchange LLC ("Nasdaq") currently allows for a Pre-Market Hours session from 4:00 a.m. to 9:30 a.m. and a Post-Market Hours session from 4:00 p.m. until 8:00 p.m. See Nasdaq Equity 1, Section 1(a)(9). Cboe BZX Exchange, Inc. ("BZX") also allows for an Early Trading Session from 4:00 a.m. to 8:00 a.m., a Pre-Opening Session from 8:00 a.m. to 9:30 a.m., and an After Hours Trading Session from 4:00 p.m. through 8:00 p.m. See BZX Rule 1.5(c), (r), and (ff). Additionally, Cboe currently allows for the trading of certain index options during Global Trading Hours from 8:15 p.m. (previous day) to 9:25 a.m. and during Curb Trading Hours from 4:15 p.m. to 5:00 p.m. See Cboe Rule 5.1(c) and (d). Cboe also recently received approval for its proposal to allow for the trading of certain eligible multi-listed equity options during Global Trading Hours and Curb Trading Hours. See Securities Exchange Act Release No. 105569 (May 28, 2026), 91 FR 33005 (June 2, 2026) (SR-CBOE-2025-079). Further, Cboe C2 Exchange, Inc. ("C2") currently allows for the trading of certain index options during Global Trading Hours from 8:30 a.m. to 9:15 a.m. See C2 Rule 5.1(c).

14 As noted above, the proposed eligible index options for ETH trading, NDX, NDXP, and XND options, are all based on the Nasdaq-100 Index.

already occurs for the underlying securities, and help meet investor demand to use these products outside of Regular Trading Hours.

Proposal

To implement Extended Trading Hours, the Exchange proposes to adopt new Options 3C (Extended Trading Hours). All rules applicable to options during Regular Trading Hours will apply to the extent possible to options during Extended Trading Hours, including, without limitation, trading rules (including the Exchange's various auction mechanisms, risk controls, and price protections), obvious error rules, option listing rules, Market Maker[15] requirements, and business conduct rules. All Members may (but are not required to) participate in ETH, and Members do not need to separately apply to participate during ETH. The Exchange is therefore adopting new Options 3C to address only the operational and structural differences that are unique to ETH trading while maintaining the applicability of the broader rulebook.

To reflect this concept, proposed Options 3C, Section 1(a) will provide that Options 3C rules will apply only during Extended Trading Hours. Options traded during Extended Trading Hours will be subject to all other rules applicable to options on the Exchange, including, without limitation, the trading rules, the listing rules, and business conduct rules, unless the context otherwise requires or otherwise provided in Options 3C.

Proposed Section 1(b) will provide that for purposes of Options 3C, "Extended Trading Hours" or "ETH" will mean the trading hours outside of Regular Trading Hours of 9:30 a.m. ET to 4:00 p.m. (or 4:15 p.m. for certain products pursuant to Options 3, Section 1) and will cover:

- the Early ETH Session, as described in Options 3C, Section 2; and

15 The term "Market Makers" refers to "Competitive Market Makers" and "Primary Market Makers" collectively. See Options 1, Section 1(a)(22).

- the Extended Close, as described in Options 3C, Section 2.

Proposed Section 1(c) will provide that for purposes of Options 3C, the "Extended RTH Session" will include RTH and the Extended Close.

The Exchange notes that the Extended Close will not be a separate trading session, but rather an extension of Regular Trading Hours. This is consistent with how certain designated ETF options are allowed to trade on the Exchange until 4:15 p.m. today. However, the Exchange will provide Members flexibility to determine which trading hours their orders will trade on the Exchange, allowing, for example, the exclusion of the Extended Close if preferred by marking their orders as RTH only. Specifically, Members will be able to mark their orders to participate as follows: (1) RTH only (9:30 a.m. – 4 p.m., or 4:15 p.m. for designated ETF options), (2) Extended RTH Session (9:30 a.m. – 4:15 p.m.), or (3) Early ETH Session and Extended RTH Session (7:30 a.m. – 4:15 p.m.).[16]

Proposed Options 3C, Section 2(a) will provide that for option classes designated by the Exchange as eligible for trading pursuant to Options 3C, Section 3, the Early ETH Session will be conducted from 7:30 a.m. ET. to 9:25 a.m. ET on the business days specified in General 3, Rule 1030.[17]

Proposed Section 2(b) will provide that for option classes designated by the Exchange as eligible for trading pursuant to proposed Section 3 of Options 3C, trading will continue until 4:15 p.m. ET on the business days specified in General 3, Rule 1030.

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16 See proposed Options 3C, Section 4(b).

17 General 3, Rule 1030, which incorporates Nasdaq General 3, Rule 1030 by reference, provides that the Exchange will be open for the transaction of business days, and lists out the holidays on which the Exchange will not be open for business.

Proposed Section 2(c) will specify the interaction between the different trading sessions on holidays and shortened trading days. Proposed Section 2(c)(1) will provide that if there are no Regular Trading Hours, there will be no Early ETH Session or Extended Close. Proposed Section 2(c)(2) will provide that on a trading day with shortened Regular Trading Hours (e.g., the Exchange is open for a half day of regular trading between 9:30 a.m. through 1 p.m.): (1) the Early ETH Session will occur prior to the shortened Regular Trading Hours; and (2) the Extended Close will commence at the end of the shortened Regular Trading Hours and continue for 15 minutes (e.g., 1:00 p.m. to 1:15 p.m.).

The Exchange recognizes that the proposed Extended Trading Hours are shorter than the extended trading hours for equities, which may commence as early as 4:00 a.m. and conclude as late as 8:00 p.m.[18] Since equity options generally will not trade unless the underlying security also trades, any trading hours outside of RTH available for equity options are limited to extended trading hours available for the underlying equities. Although ETH for equity options could mirror the extended trading hours available for the underlying equities, the Exchange proposes to limit ETH trading, and establishes trading hours for equity options that are notably shorter than the hours of extended trading for equities. The Exchange believes that the shorter Extended Trading Hours running from 7:30 a.m. to 9:25 a.m. and 4:00 p.m. to 4:15 p.m., rather than hours that align with the full extended trading hours available to the underlying equities, is appropriate because of the lack of industry experience with ETH for equity options that are physically-settled. Limiting the ETH window of time for equity options allows for a paced introduction of this new type of trading session for equity options. The limited trading hours for ETH will allow the Exchange to monitor and assess the development and functioning of ETH markets for equity

[18] See supra note 13.

options. As it relates to index options, the Exchange recognizes that the proposed Extended Trading Hours for NDX, NDXP, and XND options are notably shorter than the extended trading hours for certain index options on Cboe.[19] However, the Exchange believes that it is appropriate to align the extended trading hours for both index and equity options on its market to help ensure an orderly and measured implementation, as this is the first time the Exchange is expanding its trading hours beyond RTH. Additionally, based on numerous industry discussions and feedback from Members, the Exchange believes that the proposed timeframe for ETH for both index and equity options can be supported by Market Makers, clearing firms, and other market participants from a personnel coverage perspective.

Extended Hours Trading will allow market participants to engage in trading of designated index and equity options in conjunction with the trading in the underlying securities during these hours. As it relates to trading in multi-listed equity options during ETH, however, since trading in such options is a new initiative, the Exchange proposes in proposed Options 3C, Section 3(a) to limit the number of equity option classes that may be designated for ETH at 100 option classes.[20] The limit is intended to allow the Exchange to monitor and assess the development and functioning of ETH markets for equity options within a limited group of equity options initially.

In particular, proposed Section 3(a) will establish specific eligibility criteria for an equity option class to meet in order to be eligible for ETH trading, and will provide that the Exchange may designate as eligible for trading during ETH up to 100 multiply listed equity option classes that satisfy the following criteria for the preceding six calendar months:

- the option has an average daily volume of 150,000 contracts;

19 See supra note 13.

20 As noted above, Cboe already allows for the trading of certain index options outside of their regular trading hours today. See supra note 13.

- the underlying equity to the option has a $50 billion market capitalization; and
- the underlying equity to the option has an average daily trading volume of 10 million shares.

The Exchange believes option classes with the highest anticipated demand will be eligible for trading in ETH based on the requirements established in proposed Section 3(a) and that the criteria described above will result in the listing of options in ETH having sufficient demand and liquidity to support an ETH market.[21] Furthermore, the Exchange chose criteria so as to limit the initial number of equity options eligible for ETH to those most likely to have the highest liquidity and to avoid options with underlying securities that may only have temporarily high volume or market capitalization.

To determine which options are eligible and designated by the Exchange for ETH, the Exchange will identify on a semiannual basis (following each January 1 and July 1) the option classes meeting the criteria in proposed Section 3(a)(1) and select up to 100 of such option classes to be designated for trading in ETH; however, the Exchange will have discretion to determine which of the eligible option classes will be designated to trade in ETH. The Exchange will not be obligated to include all options that meet the criteria in ETH, and the number of designated equity options may be less than 100 designated option classes.

Proposed Section 3(a)(2) will establish the initial process by which the Exchange would review and determine eligibility for equity option classes pursuant to proposed Section 3(a)(1). Specifically, the Exchange will use trading data from the preceding six-month period ending either June 30 or December 31 prior to the launch of equity options ETH trading. The initial list of options designated for ETH trading will be announced publicly in an Exchange notice ("ETH

[21] Proposed rule text in the Initial Filing that permitted accelerated eligibility for certain equity options with underlying securities recently listed as a result of an initial public offering has been removed from this Amendment No. 1 to simplify the proposal.

Exchange Notice"), and the first day of ETH trading for equity options will also be announced in the ETH Exchange Notice.[22] The Exchange will designate options for ETH trading from equity options meeting the criteria in proposed Section 3(a)(1). Following the initial selection process, the Exchange will conduct a review twice per year to reassess the list of eligible equity options using data from the preceding July 1 through December 31, and again based on data from January 1 through June 30.[23] The Exchange will designate equity options eligible for trading in ETH and publish the updated list of designated equity options via an ETH Exchange Notice following completion of a semiannual review, and newly designated option classes may begin trading on the first trading day of February and August, respectively.

Proposed Section 3(a)(3) further specifies the semiannual review process for the selection of equity options designated for ETH trading by detailing how option classes may be removed from the list of designated options. If an option that was previously designated for ETH trading no longer meets the criteria in proposed Section 3(a)(1) following a semiannual review, the Exchange will identify any such equity option class and provide the last day of ETH trading for each such option class in the semiannual ETH Exchange Notice. Equity options identified as no longer meeting eligibility requirements for ETH will be removed from ETH trading within 18 months of the determination that the option class no longer meets ETH eligibility criteria, and the last day of trading for any such equity option class during ETH will be communicated through the ETH Exchange Notice. Providing a notice of removal of an equity option class from ETH up to 18 months after the date the option class is determined to be no longer eligible for ETH will

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22 The initial listing of equity options in ETH will be selected by the Exchange and is not subject to the listing date requirements of the semiannual review process that will occur after the launch of ETH.

23 The Exchange intends to determine options that are initially designated for ETH trading at the time of approval of this Amendment No. 1 based on the most recent 6-month review cycle and subsequently will conduct reviews semiannually commencing the next review cycle.

avoid sudden market disturbances resulting from the abrupt removal of any such option from ETH. Allowing the Exchange to determine a removal date within 18 months ensures that, except for certain longer dated series, open interest existing in the equity option class to be removed from ETH trading will have generally expired. Additionally, the 18-month period will allow for two additional semiannual review cycles during which equity options previously designated for removal may subsequently meet eligibility criteria again and consequently may continue to trade during ETH pursuant to proposed Section 3(a)(3)(C).

Whereas the removal process established in proposed Section 3(a)(3)(A) is intended to provide an extended time period for the removal of equity options to avoid sudden market disruptions, the Exchange acknowledges that certain conditions, although unlikely, may warrant an acceleration of removal of an equity option class from ETH. Consequently, proposed Section 3(a)(3)(B) allows the Exchange to remove an equity option class from ETH trading prior to the announced removal date if the Exchange observes limited or no market activity in ETH for the option class. If such a condition is observed, the Exchange may remove the option class from ETH trading with at least seven days notice. The Exchange may remove the option class from ETH prior to the removal date by issuing an Exchange notice designating a new removal date for the option class from ETH.

Additionally, pursuant to proposed Section 3(a)(4), the Exchange may remove any option class from ETH trading for any reason with at least 30 days notice. The Exchange expects to use such authority in limited situations, such as in response to Market Maker preference or concern regarding continued ETH trading in a particular option class or the announcement of an unusual corporate action on the underlying equity to an option class (and the effective date of such corporate action is not imminent) that could introduce confusion or uncertainty about the value of an option, thereby significantly reducing liquidity during ETH for the option class. Similarly, the Exchange may immediately remove an option class from ETH if the Exchange deems such action is necessary in the interest of investor protection or the maintenance of fair and orderly markets. For example, if a corporate action that was not previously announced on the underlying security is effective immediately and results in a substantial change to the value or composition of the underlying security (such as may be in the case of a reorganization, among others), the Exchange may immediately remove the option from ETH trading. The Exchange will provide notice of such determination as soon as practicable after the determination to remove has been made. Any option class designated for removal from ETH trading pursuant to proposed Section 3(a)(3) or (4) and that is included in the 100 multiply listed option class limit will continue to be included in the 100 option class limit until the removal date of any such option class.

The Exchange may also designate as eligible for trading during ETH any equity option class that is traded on another exchange during ETH or any other extended trading hours session.[24] Any equity option designated by the Exchange as eligible for ETH trading because the option was initially traded by another exchange during ETH or any other extended trading hours session will not be counted against the 100 option class limit in proposed Section 3(a)(1). The Exchange believes that the exclusion from the 100 option class limit of such equity options initially listed for trading on another exchange during that exchange's extended trading session is appropriate for competitive as well as market protection purposes. For example, if other option exchanges adopt the Exchange's qualification criteria, the exact same list of options would be eligible for extended trading hours sessions pursuant to rules of such other exchange(s) as would be eligible under the Exchange's Rules. However, if more than 100 equity options met the

[24] See proposed Options 3C, Section 3(a)(1).

eligibility criteria, the Exchange could designate up to 100 of any of the equity options that met the criteria for trading in extended trading hours sessions, and the Exchange's selection could be different than those selected by another exchange for trading in extended trading hours sessions. Additionally, it is possible that another exchange may adopt different eligibility criteria and/or select more than 100 equity option classes. In either situation in which another exchange could designate for trading equity options that differ from the equity options designated by the Exchange for ETH trading, the Exchange may list those equity options designated by another exchange and such options selected in this manner would not count towards the Exchange's 100 equity options limit for extended trading hours sessions.[25]

This provision would allow for trading in these options during extended trading hours on multiple exchanges. Options trading on multiple exchanges can encourage competition, improve market efficiencies and increase liquidity while offering investors more trading opportunities. Consequently, the Exchange believes it is appropriate to have the ability to trade options that are multiply-listed for RTH sessions, that the Exchange is permitted to list, and that may trade in extended trading hours on another exchange (through that exchange's extended trading hours rules) without impacting the administration of the Exchange's extended trading hours sessions specifically established pursuant to the Exchange's Rules. Additionally, this exclusion from the 100 option class limit is similar in structure, for example, to the rules for Short Term Options Series, which allows the Exchange to list additional option classes selected by other exchanges under their short term options rules and such selections are in addition to the 50 Short Term Option Series classes that the Exchange may select.[26] The exclusion is also in alignment with the

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25 The Exchange is not obligated to list the same equity option classes selected by another exchange for trading in extended trading hours sessions.

26 See Supplementary Material .03(a) to Options 4, Section 5, which incorporates Nasdaq ISE, LLC ("ISE")

Exchange's ability to initially list for trading options that meet the Exchange's listing requirements for continued listing and are traded on at least one other exchange.[27]

Proposed Section 3(b)(1) will provide that the Exchange may designate as eligible for trading during ETH the following index options: NDX, NDXP, and XND. Proposed Section 3(b)(2) will provide that if the Exchange designates a class of index options as eligible for trading during ETH, Binary Options with the same underlying index are also deemed eligible for trading during ETH.[28] Proposed Section 3(b)(3) will provide that the Exchange will not report a value of an index underlying an index option during ETH because the value of the underlying index is not being calculated during this time.[29] The closing value of the index from the previous trading day will be available for Members that trade during ETH. However, the Exchange does not believe it would be useful or efficient to disseminate to Members the same value repeatedly at frequent intervals, as it does during Regular Trading Hours (when the index value is being updated).[30]

Proposed Section 3(c) and (d) will specify the eligible option series that would be available during ETH and how expiration day trading for those option series would be handled by the Exchange. In particular, any series in option classes eligible for ETH pursuant to proposed Options 3C, Section 3(a) and (b) that would be available during the subsequent RTH would be available during the Early ETH Session. Any series in option classes eligible for ETH pursuant

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Supplementary Material .03(a) to Options 4, Section 5 by reference.

27 See Options 4, Section 3(b)(6), which incorporates ISE Options 4, Section 3(b)(6) by reference.

28 See Securities Exchange Act Release No. 104966 (March 11, 2026), 91 FR 12652 (March 16, 2026) (SR-MRX-2026-05).

29 See Cboe Rule 5.1(c)(3) and (d)(3) for similar provisions.

30 ISE Options 4A, Section 3(d)(11), which the Exchange incorporates by reference, currently provides that the underlying index value for a broad-based index (e.g., Nasdaq-100 Index) will be widely disseminated at least once every 15 seconds. This provision is superseded during ETH by proposed Options 3C, Section 3(b)(2), and thus no dissemination will occur during ETH.

to proposed Options 3C, Section 3(a) and (b) that would be available during the previous RTH would likewise be available during the Extended Close, except for expiring index options. Further, a.m.-settled index options will be available for trading through the Extended Close on the business day prior to expiration, but will not be available for trading during the Early ETH Session on their expiration date. P.M.-settled index options will be available for trading through Regular Trading Hours on their expiration date, but will not be available for trading in the Extended Close on their expiration date. Lastly, equity options will be available for trading through the Extended Close on their expiration date.

Proposed Options 3C, Section 4(a) provides that the Exchange may determine to make the order types and times-in-force ("TIFs") in Options 3, Section 7 available on a class or System[31] basis during ETH, except as otherwise specified herein. The Exchange notes that it currently has the authority to make certain order types and TIFs available on a class or System basis during RTH pursuant to Options 3, Section 7, and therefore proposes to have similar authority with respect to ETH.

Proposed Section 4(b) provides that Members may designate orders for participation in: (1) RTH only, (2) Extended RTH Session only, or (3) both the Early ETH Session and Extended RTH Session ("All Sessions"). All quotes entered during the Early ETH Session will be purged after the end of such session. As discussed in detail below, this is to allow for the System to transition over to Regular Trading Hours.

The Exchange expects reduced liquidity, higher volatility, and wider spreads during ETH, particularly the Early ETH Session. Therefore, the Exchange proposes not to allow Market

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[31] The term "System" means the electronic system operated by the Exchange that receives and disseminates quotes, executes orders and reports transactions. See Options 1, Section 1(a)(50).

Orders[32] and Stop Orders[33] during the Early ETH Session, and such orders designated for participation in All Sessions will be rejected.[34] The Exchange believes it is appropriate to not allow Market Orders and Stop Orders during the Early ETH Session in order to protect customers should wide price fluctuations occur due to the potential illiquid and volatile nature of the market or other factors that could impact market activity.[35] The Exchange will allow Market Orders and Stop Orders during the Extended Close between 4:00 p.m. – 4:15 p.m. as it believes this time period will be more actively quoted. The Exchange believes that market participants should have some familiarity with trading within this time frame as the Exchange already designates certain ETF and index options to trade until 4:15 p.m. today. The Exchange therefore believes that offering this flexibility for Market Orders and Stop Orders during the Extended Close is appropriate. To the extent Members do not want their Market Orders and Stop Orders to persist beyond 4:00 p.m., they may designate their orders as RTH only pursuant to proposed Options 3C, Section 4(b).

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32 A Market Order is an order to buy or sell a stated number of options contracts that is to be executed at the best price obtainable when the order reaches the Exchange. Members can designate that their Market Orders not executed after a pre-established period of time, as established by the Exchange, will be cancelled back to the Member, once an options series has opened for trading. Market Orders on the order book would be immediately cancelled if an options series is halted, provided the Member designated the cancellation of Market Order. See Options 3, Section 7(a).

33 A Stop Order is an order that becomes a market order when the stop price is elected. A stop order to buy is elected when the option is bid or trades on the Exchange at, or above, the specified stop price. A stop order to sell is elected when the option is offered or trades on the Exchange at, or below, the specified stop price. A Stop Order shall be cancelled if it is immediately electable upon receipt. Stop Orders may only be entered through FIX. A Stop Order shall not be elected by a trade that is reported late or out of sequence or by a Complex Order trading with another Complex Order. See Options 3, Section 7(d).

34 See proposed Options 3, Section 4(c). As discussed above, Members may designate their orders for participation during (1) RTH only, (2) RTH and Extended Close (i.e., Extended RTH), or (3) Early ETH Session, RTH, and Extended Close (i.e., All Sessions). See proposed Options 3, Section 4(b).

35 Today, Cboe similarly restricts Market Orders outside of their regular trading hours. See Cboe Rule 5.6(b).

The Exchange also proposes to not allow Add Liquidity Orders[36] during the Early ETH Session to align with current System functionality where Add Liquidity Orders are not allowed to participate in the RTH opening process. Otherwise, Add Liquidity Orders entered during the Early ETH Session could persist into the next trading session and participate in the RTH opening process if those orders do not execute during the Early ETH Session. Accordingly, proposed Section 4(c) will provide that Add Liquidity Orders designated for participation in All Sessions will be rejected.

Further, the Exchange proposes not to allow Stock-Option Orders[37] and Stock-Complex Orders[38] during the Early ETH Session because the Exchange currently requires, among other

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36 An Add Liquidity Order is a limit order that is to be executed in whole or in part on the Exchange (i) only after being displayed on the Exchange's limit order book; and (ii) without routing any portion of the order to another market center. Members may specify whether an Add Liquidity Order shall be cancelled or re-priced to the minimum price variation above the national best bid price (for sell orders) or below the national best offer price (for buy orders) if, at the time of entry, the order (i) is executable on the Exchange; or (ii) the order is not executable on the Exchange, but would lock or cross the national best bid or offer. If at the time of entry, an Add Liquidity Order would lock or cross one or more non-displayed orders or quotes on the Exchange, the Add Liquidity Order shall be cancelled or re-priced to the minimum price variation above the best non-displayed bid price (for sell orders) or below the best non-displayed offer price (for buy orders). Notwithstanding the aforementioned, if an Add Liquidity Order would not lock or cross an order or quote on the System but would lock or cross the NBBO, the order will be handled pursuant to Options 3, Section 5(d). An Add Liquidity Order will be ranked in the Exchange's limit order book in accordance with Options 3, Section 10. Add Liquidity Orders may only be submitted when an options series is open for trading. Add Liquidity Orders may only have a time-in-force designation of Day. See Options 3, Section 7(n).

37 The term "Stock-Option Order" refers to an order for a "Stock-Option Strategy," which is the purchase or sale of a stated number of units of an underlying stock or a security convertible into the underlying stock ("convertible security") coupled with the purchase or sale of options contract(s) on the opposite side of the market representing either (A) the same number of units of the underlying stock or convertible security, or (B) the number of units of the underlying stock necessary to create a delta neutral position, but in no case in a ratio greater than eight-to-one (8.00), where the ratio represents the total number of units of the underlying stock or convertible security in the option leg to the total number of units of the underlying stock or convertible security in the stock leg. See Options 3, Section 14(a)(2) and (5).

38 The term "Stock-Complex Order" refers to an order for a "Stock-Complex Strategy," which is the purchase or sale of a stated number of units of an underlying stock or a security convertible into the underlying stock ("convertible security") coupled with the purchase or sale of a Complex Options Strategy on the opposite side of the market representing either (A) the same number of units of the underlying stock or convertible security, or (B) the number of units of the underlying stock necessary to create a delta neutral position, but in no case in a ratio greater than eight-to-one (8.00), where the ratio represents the total number of units of the underlying stock or convertible security in the option legs to the total number of units of the underlying stock or convertible security in the stock leg. Only those Stock-Complex Strategies with no more than the

things, that these orders fall within the high-low range for the day in the underlying stock at the time the Stock-Option Order or Stock-Complex Order is processed.[39] The Exchange understands that the equity high-low reference is currently only provided between the hours of 9:30 a.m. to 4:00 p.m. and that this information is not being disseminated at the same time as Extended Trading Hours. Accordingly, the Exchange will not allow Stock-Option Orders or Stock-Complex Orders during the Early ETH Session since there would be no high-low information available prior to 9:30 a.m. For the Extended Close, the Exchange will use the high-low information from the equity market's regular trading hour session. To reflect the foregoing, proposed Section 4(c) will provide that Stock-Option Orders and Stock-Complex Orders designated for participation in All Sessions will be rejected.

The Exchange also proposes to eliminate the TIFs of Good-Till-Canceled ("GTC") and Good-Till-Date ("GTD") from its rulebook to avoid the operational complexity of having such orders persist between trading sessions. Accordingly, the Exchange proposes to delete the GTC and GTD rule text in Supplementary Material .02(b) and (c) of Options 3, Section 7 and in Options 3, Section 14(b)(11) and (12), and reserve those rules. The Exchange also proposes to delete the sentence referencing GTC and GTD orders in Options 3, Section 8(k). In addition, because the Exchange incorporates by reference ISE Options 5 (Order Protections and Locked

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applicable number of legs, as determined by the Exchange on a class-by-class basis, are eligible for processing. See Options 3, Section 14(a)(3) and (5).

[39] Specifically, Options 3, Section 16(d) provides that for complex orders in Stock-Option Strategies and Stock-Complex Strategies, the Exchange shall electronically communicate the underlying security component of a Complex Order to Nasdaq Execution Services, LLC ("NES"), its designated broker dealer, for immediate execution. Such execution and reporting will not occur on the Exchange and will be handled by NES pursuant to applicable rules regarding equity trading. NES will ensure that the execution price is within the high-low range for the day in that stock at the time the Complex Order is processed and within a certain price from the current market pursuant to Options 3, Section 16(a). If the stock price is not within these parameters, the Complex Order is not executable and the Exchange will hold the Complex Order on the Order Book, if consistent with Member instructions

and Crossed Markets rules) into its Options 5, and ISE Options 5 references GTC and GTD orders therein, the Exchange proposes to add a sentence at the end of its Options 5 providing that notwithstanding the foregoing, all references to "GTC" and "GTD" in Nasdaq ISE Options 5 will not be incorporated into this Nasdaq MRX Options 5, as those times-in-force designations are not available on Nasdaq MRX. Additionally, as set forth in Supplementary Material .02(a) of Options 3, Section 7, the Exchange currently offers a TIF of "Day," which expires at the end of the day on which it was entered. The Exchange is not modifying this TIF under this proposal, but notes that a Day order would expire depending on the Member's session eligibility designation pursuant to proposed Section 4(b) (e.g., RTH only designation means the Day order expires at 4:00 p.m. and All Sessions designation means the Day order expires at 4:15 p.m.).

Proposed Section 4(d) will provide that orders are not routable during ETH. As such, all orders during ETH will be required to be entered as Do-Not-Route ("DNR") orders and may be repriced pursuant to Options 3, Section 5(d) to comply with the Options Order Protection and Locked/Crossed Market Plan ("Linkage Plan").[40] Options 3, Section 5(d) currently provides that an order would not be executed at a price that trades through another market or displayed at a price that would lock or cross another market and that an order that is designated by a Member as non-routable would be re-priced in order to comply with applicable trade-through and locked and crossed markets restrictions. If, at the time of entry, an order that the entering party has elected

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40 The Linkage Plan requires U.S. options exchanges to establish a framework for providing order protection and addressing locked and crossed markets in eligible options classes. The Linkage Plan is a national market system plan approved by the Commission pursuant to Section 11A of the Act and Rule 608 thereunder. The full text of the Linkage Plan is available at https://www.theocc.com/getcontentasset/7fc629d9-4e54-4b99-9f11-c0e4db1a2266/dfc3d011-8f63-43f6-9ed8-4b444333a1d0/options_order_protection_plan.pdf. All operating U.S. options exchanges participate in the Linkage Plan. If another U.S. options exchange lists any of the eligible option classes outside of RTH, trading of such option classes on the Exchange would comply with the Linkage Plan. As noted above, Cboe's proposal to list and trade eligible multi-listed equity options outside of their regular trading hours was recently approved. See supra note 13.

not to make eligible for routing would cause a locked or crossed market violation or would cause a trade-through violation, it would be re-priced to the current national best offer (for bids) or the current national best bid (for offers) as non-displayed, and displayed at one minimum price variance above (for offers) or below (for bids) the national best price.

Proposed Options 3C, Section 5 will set forth the opening process for the Early ETH Session. Other than as specified herein, the Exchange will use the same RTH opening process described in Options 3, Section 8, with everything being pushed back by two hours for the Early ETH Session opening process. Proposed Section 5(b) will provide that the opening process for the Early ETH Session will be triggered by the first disseminated trade or first disseminated quote on any national securities exchange at or after 7:30 a.m. This is different from the RTH opening process, which is triggered by the first disseminated trade or quote on the primary market. The Exchange is proposing to use the first disseminated trade or quote on any national securities exchange because not all securities will be trading on their primary market during the proposed Early ETH Session (e.g., certain NYSE-listed securities), and, therefore, an opening process trigger based on the primary market may not occur. Therefore, the proposed rule change would permit the Exchange to list options on eligible equities that also trade during extended trading hours on any equity market, even if not the primary listing market.

Another difference from the RTH opening process is the Primary Market Maker's current obligation to enter a Valid Width Quote in 90% of its assigned series within one minute of the underlying's open pursuant to Options 3, Section 8(c)(3).[41] In contrast, the Exchange proposes

[41] In particular, Options 3, Section 8(c)(3) provides that the PMM assigned in a particular equity or index option must enter a Valid Width Quote, in 90% of their assigned series, not later than one minute following the dissemination of a quote or trade by the market for the underlying security or, in the case of index options, following the receipt of the opening price in the underlying index. The PMM assigned in a particular U.S. dollar-settled foreign currency option must enter a Valid Width Quote, in 90% of their assigned series, not later than one minute after the announced market opening. Provided an options series

for the Early ETH Session opening process to only require Primary Market Makers to fulfill this obligation if they choose to start quoting in the Early ETH Session opening process. The Exchange believes this is appropriate given that it is not requiring Market Makers, including Primary Market Makers, to participate in the Early ETH Session. Accordingly, proposed Section 5(b) will provide that only Primary Market Makers that choose to quote in the Early ETH Session will be obligated to enter Valid Width Quotes pursuant to Options 3, Section 8(c)(3).

Proposed Section 5(c) will provide that Market Maker Valid Width Quotes and Opening Sweeps[42] received starting at 7:25 a.m. (versus 9:25 a.m. as currently provided for the RTH opening) will be included in the Early ETH Session opening process. Orders designated for both the Early ETH Session and Extended RTH Session, and entered at any time before an eligible option series opens are included in the Early ETH Session opening process. This is consistent with the current RTH opening process mechanics in Options 3, Section 8(c), including where Market Maker Valid Width Quotes and Opening Sweeps received starting at 9:25 a.m. are included in the RTH opening process. However, the Exchange also proposes to modify this RTH opening process time from 9:25 a.m. to 9:26 a.m. in order to provide the Exchange time to transition between the Early ETH Session and Regular Trading Hours. Because the Early ETH Session would last between 7:30 a.m. to 9:25 a.m., the Exchange would use the one-minute time

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has not opened pursuant to Options 3, Section 8(c)(1)(ii), PMMs must promptly enter a Valid Width Quote in the remainder of their assigned series, which did not open within one minute following the dissemination of a quote or trade by the market for the underlying security or, in the case of index options, following the receipt of the opening price in the underlying index or, with respect to U.S. dollar-settled foreign currency options, following the announced market opening. Once an options series has opened pursuant to Options 3, Section 8(c)(1)(i) and ii, a PMM must submit intra-day, two-sided quotes in such options series pursuant to Options 2, Section 5(e)(2).

42 An Opening Sweep is a one-sided order entered by a Market Maker through SQF for execution against eligible interest in the System during the Opening Process. This order type is not subject to any protections listed in Options 3, Section 15, except for Automated Quotation Adjustments and Market Wide Risk Protection. The Opening Sweep will only participate in the Opening Process pursuant to Options 3, Section 8(b)(1) and will be cancelled upon the open if not executed. See Options 3, Section 7(u).

period between the end of the Early ETH Session at 9:25 a.m. and the time in which it would begin to accept Market Maker interest for the RTH opening process at 9:26 a.m. to purge quotes from the Early ETH Session and prepare to transition over to the next trading session.

The Exchange also proposes to explicitly provide in Options 3C, Section 5(d) that orders would not be routable during the Early ETH Session opening process and that such orders would be required to be entered as DNR orders, consistent with the proposal to not allow routing during the remainder of the Early ETH Session. As such, an order during the Early ETH Session opening process may similarly be repriced pursuant to Options 3, Section 5(d) to comply with the Linkage Plan.

Proposed Options 3C, Section 6 will set forth the trading halt provisions for ETH. The trading halt provisions applicable to equity options and index options during RTH will generally apply to those options during ETH, except limit-up limit-down trading pauses and market-wide circuit breakers because those trading halts by their terms only apply during RTH. Accordingly, the Exchange proposes that for equity options, the Exchange will follow the trading halt and reopening halt procedures in Options 3, Sections 9(a)[43] and (b),[44] for index options the Exchange will follow the trading halt and reopening procedures in Options 4A, Sections 11(c),[45] (d),[46] and (f).[47] The Exchange also proposes that notwithstanding the foregoing, the Exchange may also

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43 An Exchange official designated by the Board may halt trading in any stock option in the interests of a fair and orderly market. The following are among the factors that may be considered in determining whether the trading in a stock option should be halted: (i) trading in the underlying security has been halted or suspended in one or more of the markets trading the underlying security, (ii) the opening of such underlying security has been delayed because of unusual circumstances, (iii) other unusual conditions or circumstances are present. In addition, a designated Exchange official may halt trading (including a rotation) for a class or classes of options contracts whenever there is a halt of trading in an underlying security in one or more of the markets trading the underlying security. In such event, without the need for action by the Primary Market Maker, all trading in the effected class or classes of options may be halted. The Exchange shall disseminate through its trading facilities and over OPRA a symbol in respect of such class or classes of options indicating that trading has been halted, and a record of the time and duration of the halt shall be made available to vendors. No Member or person associated with a Member shall effect a trade on the Exchange in any options class in which trading has been halted under the provisions of this Rule during the time in which the halt remains in effect. During a halt, the Exchange will maintain existing orders on the book (but not existing quotes prior to the halt), accept orders and quotes, and process cancels and modifications, except existing quotes are cancelled. During a halt, existing auction orders and auction responses, as well as Crossing Orders, are rejected. <u>See</u> Options 3, Section 9(a).

44 Trading in a stock option that has been the subject of a halt under paragraph (a)(1) above may be resumed upon the determination by an Exchange official designated by the Board that the conditions which led to the halt are no longer present or that the interests of a fair and orderly market are best served by a resumption of trading. <u>See</u> Options 3, Section 9(b).

45 Trading on the Exchange in any index option shall be halted or suspended whenever trading in underlying securities whose weighted value represents more than twenty percent (20%), in the case of a broad based index, and ten percent (10%) for all other indices, of the index value is halted or suspended. An Exchange official designated by the Board also may halt trading in an index option when, in his or her judgment, such action is appropriate in the interests of a fair and orderly market and to protect investors. Among the facts that may be considered are the following: (1) whether all trading has been halted or suspended in the market that is the primary market for a plurality of the underlying stocks in the underlying foreign currency market; (2) whether the current calculation of the index derived from the current market prices of the stocks is not available the current prices of the underlying foreign currency is not available; (3) the extent to which the rotation has been completed or other factors regarding the status of the rotation; and (4) other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present, including, but not limited to, the activation of price limits on futures exchanges. <u>See</u> Options 4A, Section 11(c).

46 Trading in options of a class or series that has been the subject of a halt or suspension by the Exchange may resume if an Exchange official designated by the Board determines that the interests of a fair and orderly market are served by a resumption of trading. Among the factors to be considered in making this determination are whether the conditions that led to the halt or suspension are no longer present, and the extent to which trading is occurring in stocks or currencies underlying an index. Upon reopening, a rotation shall be held in each class of index options unless an Exchange official designated by the Board concludes that a different method of reopening is appropriate under the circumstances, including but not limited to, no rotation, an abbreviated rotation or any other variation in the manner of the rotation. <u>See</u> Options 4A, Section 11(d).

47 With respect to foreign indexes, when the hours of trading of the underlying primary securities market for

determine to manually halt or resume trading during the Early ETH Session at times other than prescribed under proposed Section 6 if it is determined to be in the interests of a fair and orderly market and to protect investors pursuant to Options 3, Section 9(a) for equity options and Options 4A, Section 11(c) for index options. Proposed Section 6(d) will provide that no Member will effect a trade in any option class in which trading has been halted under the provisions of this Rule during the time in which the halt remains in effect. The Exchange will nullify any transaction that occurs: (1) during a trading halt in the affected option on the Exchange; or (2) with respect to equity options, during a regulatory halt as declared by the primary listing market for the underlying security. This aligns with the Exchange's current halt process in Supplementary Material .01 to Options 3, Section 9.[48]

Proposed Options 3C, Section 7 will set forth the provisions applicable to Market Makers during ETH. Proposed Section 7(a) will provide that the same Market Maker appointments will automatically apply across RTH and ETH. Accordingly, if an option class is designated by the Exchange as eligible for trading during ETH pursuant to proposed Section 3, the Market Maker appointed to that option class during RTH pursuant to Options 2, Section 3 would automatically receive the appointment in such option class during ETH. The Exchange also proposes to make clear in proposed Section 7(a) that Market Makers may not enter quotes during ETH if the Market Maker has not been appointed to such option class for RTH. Notwithstanding the foregoing, the Exchange may appoint different Primary Market Makers between RTH and ETH, except that Primary Market Makers appointed in the RTH will persist into the Extended Close.

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an index option do not overlap or coincide with those of the Exchange, all of the provisions as described in paragraphs (c), (d) and (e) of Options 4A, Section 11 shall not apply except for (c)(4). See Options 4A, Section 11(f).

48 See also Cboe Rule 5.20(c) for similar provisions during their global trading hours.

While Primary Market Maker appointments will automatically apply across RTH and ETH, the participation of Market Makers (including Primary Market Makers) is voluntary during the Early ETH Session. Accordingly, a Primary Market Maker appointed to an option class eligible for trading during ETH may opt out of participating in ETH, at which time the Exchange may declare a separate Primary Market Maker for ETH. Further, as discussed below, quotes entered during RTH will not be purged and Market Maker quotes will automatically persist into the Extended Close. As such, the Exchange is explicitly stating that Primary Market Maker RTH appointments will persist into the Extended Close because there is no break between RTH and the Extended Close to reassign symbols.

Proposed Section 7(b) will provide that during any given Early ETH Session, a Market Maker is not required to enter quotations in the option class to which it is appointed. If, however, a Market Maker chooses to enter quotations in its assigned option class during the Early ETH Session, it will be subject to the continuous quoting obligations in Options 2, Section 5(e), which will apply across trading sessions and will be calculated pursuant to subparagraph (1) below. Given that participation in ETH trading is optional for all Members (including Market Makers) and Market Makers may not choose to participate in the Early ETH Session, the proposal ensures that quoting obligations only apply during the Early ETH Session in which the Market Maker participates. As discussed below for the Extended Close, the System will not purge quotes after 4:00 p.m. so Market Maker quotes will persist from RTH to the Extended Close.

Proposed subparagraph (1) of Section 7(b) will provide that if a Market Maker chooses to enter quotations in its assigned option class during the Early ETH Session, the Exchange will calculate the continuous quoting obligations in Options 2, Section (5)(e)(1) – (3) by (i) taking the total number of seconds the Member disseminates quotes in each assigned options series, excluding, for Competitive Market Makers and Preferred CMMs, Quarterly Options Series, any Adjusted Options Series, and any option series with an expiration of nine months or greater for options on equities and ETFs or with an expiration of twelve months or greater for index options; and (ii) dividing that time by the eligible total number of seconds each assigned option series in the options class is open for trading across all trading sessions. Compliance with this requirement is determined by reviewing the aggregate of quoting in assigned options series for the Member across all trading sessions. The Exchange notes that this is substantially similar to how it calculates the continuous quoting obligations today and as set forth in Options 2, Section 5(e)(4), except the Exchange is making clear for ETH that if a Market Maker chooses to quote in ETH, their ETH quoting time is aggregated with their RTH quoting time (i.e., across all trading sessions) for purposes of determining compliance. In other words, the Exchange is modifying the denominator in the calculation proposed in subparagraph (1) to encompass all trading sessions.

Proposed subparagraph (2) of Section 7(b) will provide that a Market Maker that does not submit any quotes in their appointed option class during the Early ETH Session will not be subject to the continuous quoting obligations in Options 2, Section 5(e) for that class during the Early ETH Session. Notwithstanding the foregoing, nothing in proposed Options 3C, Section 7(b) relieves the Market Maker of its continuous quoting obligations during RTH.

Proposed subparagraph (3) of Section 7(b) will provide that during the Extended Close, quotes entered during RTH will not be purged. Today under Options 2, Section 5(e)(1) and (2), Market Makers are subject to continuous quoting obligations requiring them to provide two-sided quotations for a specified percentage of the cumulative number of seconds for which their assigned options class is open for trading (90% for Primary Market Makers and 60% for Competitive Market Makers). Primary Market Makers and Competitive Market Makers must also quote in 90% and 60%, respectively, of their assigned series, and this series-based requirement does not vary based on the trading sessions in which a Market Maker chooses to participate. Because the Exchange will not purge quotes at 4:00 p.m., Market Makers that have entered quotations in their assigned option class during RTH will continue to be subject to these continuous quoting obligations in Options 2, Section 5(e) through the Extended Close. For purposes of determining compliance with the continuous quoting obligation, a Market Maker's quoting activity will be measured in the aggregate across all trading sessions in which the Market Maker quotes. Specifically, the total number of seconds during which the Market Maker quotes across all such trading sessions (i.e., the numerator) as set forth in proposed Section 7(b)(1)(i) will be divided by the eligible total number of seconds each assigned option series is open for trading across all such trading sessions (i.e., the denominator) as set forth in proposed Section 7(b)(1)(ii). Accordingly, the denominator will expand to include the additional seconds available in the Extended Close, while the applicable percentage thresholds (90% for Primary Market Makers and 60% for Competitive Market Makers) and the Primary Market Maker and Competitive Market Maker series-based requirement remain unchanged.

The Exchange also proposes to make clear in proposed Section 7(c) that the enhanced Primary Market Maker priority in Options 3, Section 10(c)(1)(B),[49] Preferred Market Maker[50]

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49 The enhanced Primary Market Maker priority in Options 3, Section 10(c)(1)(B) provides that, after all Priority Customer orders have been fully executed, a Primary Market Maker quoting at the better of the internal best bid or offer ("BBO") or the national best bid or offer ("NBBO") is entitled to receive a guaranteed allocation of remaining interest, ranging from 30% to 60% depending on the number of other non-Priority Customer orders or Market Maker quotes at that price, or its Size Pro-Rata share, whichever is greater.

50 An Electronic Access Member may designate a "Preferred Market Maker" on orders it enters into the System. A Preferred Market Maker may be the Primary Market Maker appointed to the options class or any Competitive Market Maker appointed to the options class. See Options 2, Section 10(a).

priority in Options 3, Section 10(c)(1)(C),[51] and entitlement for orders of 5 contracts or fewer in Options 3, Section 10(c)(1)(D)[52] will apply during the Early ETH Session only if the Market Maker enters quotes during that trading session. The foregoing allocation methodologies provide enhanced participation entitlements for Market Makers during RTH today. Given that the Exchange will require Market Makers to meet the continuous quoting obligations during the Early ETH Session if Market Makers choose to participate during that trading session, the Exchange believes it is appropriate to apply these participation entitlements during the Early ETH Session as well (only to the extent the Market Maker quotes during that trading session). Further, given that the same continuous quoting obligations will extend into the Extended Close by virtue of Market Makers' quotes persisting through RTH to the Extended Close, the Exchange will apply the Market Maker participation entitlements in Options 3, Section 10(c)(1)(B) – (D) during the Extended Close. The Exchange believes that having the ability to apply the existing participation entitlements for RTH to ETH will appropriately incentivize Market Maker participation in ETH to help provide market liquidity during such sessions. Additionally, the Exchange does not believe that applying the participation entitlements across trading sessions will result in a reduction in Market Maker quoting activity during RTH because liquidity and demand are expected to remain highest during RTH. As noted above, Market Makers would only

51 The Preferred Market Maker priority in Options 3, Section 10(c)(1)(C) provides that, after all Priority Customer orders have been fully executed, a Preferred Market Maker quoting at the better of the internal BBO or the NBBO is entitled to receive, with respect to a Preferenced Order directed to it, the greater of 40% to 60% of remaining interest (depending on the number of other participants at that price), its Size Pro-Rata share, or, if also the Primary Market Maker, the entitlement for orders of 5 contracts or fewer in Options 3, Section 10(c)(1)(D).

52 The entitlement for 5 contracts or fewer in Options 3, Section 10(c)(1)(D) provides that a Primary Market Maker quoting at the better of the internal BBO or the NBBO is entitled to priority on incoming orders of 5 contracts or fewer, subject only to any Priority Customer or Preferred Market Maker interest with higher priority at that price.

receive an entitlement during a trading session if they are quoting at the best price (i.e., at the better of the internal BBO or the NBBO at the time of execution).

Proposed Options 3C, Section 8 will provide that no Market Maker shall effect any transaction during ETH unless one or more effective letter(s) of guarantee has been issued by a Clearing Member[53] and filed with the Exchange accepting financial responsibility for all transactions made by the Market Maker pursuant to Options 6, Section 4.[54]

Proposed Options 3C, Section 9 will require Members to make certain disclosures to customers regarding material trading risks that exist during Extended Trading Hours. The Exchange expects overall lower levels of trading during ETH compared to RTH. While trading processes during ETH will be substantially similar to trading processes during RTH (as discussed above), the Exchange believes it is important for investors, particularly public customers, to be aware of any differences and risks that may result from lower trading levels and thus will require these disclosures. Proposed Section 9(a) will provide that no Member may accept an order from a customer for execution during Extended Trading Hours without disclosing to that customer that trading during Extended Trading Hours involves material trading risks, including the possibility of lower liquidity, high volatility, changing prices, an exaggerated effect from news announcements, wider spreads, for index options the absence of an updated underlying index or portfolio value or intraday indicative value and lack of regular trading in the securities underlying the index or portfolio, for equity options the absence of an underlying price

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[53] The term "Clearing Member" means a Member that is self-clearing or an Electronic Access Member that clears Exchange Transactions for other Members of the Exchange. See General 1, Section 1(a)(4).

[54] Options 6, Section 4 provides that no Market Maker shall make any transactions on the Exchange unless a Letter of Guarantee has been issued for such Member by a Clearing Member and filed with the Exchange, and unless such Letter of Guarantee has not been revoked pursuant to paragraph (c) of this Rule. A Letter of Guarantee shall provide that the issuing Clearing Member accepts financial responsibilities for all Exchange Transactions made by the guaranteed Member. As set forth in General 1, Section 1(a)(9), the term "Exchange Transaction" means a transaction executed on or through the facilities of the Exchange.

or lack of regular trading in the underlying equity, and any other relevant risk. The proposed rule provides an example of these disclosures in paragraphs (1) – (6). The Exchange believes that requiring Members to disclose these risks to non-Member customers will facilitate informed participation in Extended Trading Hours.[55]

Specifically regarding trading from 4:00 p.m. to 4:15 p.m. for equity options designated for the Extended Close, the Exchange recognizes that company announcements for the equities underlying options may be made after regular trading hours on the underlying exchange concludes, and it is possible that news significantly impacting the value of the underlying security may be released between 4:00 p.m. to 4:15 p.m. while trading in the option for such equity occurs during the Extended Close. The Exchange notes that if such announcement results in the halt of the underlying security for a period of time, trading in the option should also halt once the Exchange receives notification of the underlying halt. As is the case in RTH, the Exchange intends to halt trading upon receipt of regulatory halt indicators from the Securities Information Processors ("SIPs"). Additionally, the Exchange is proposing to adopt authority to declare manual halts in the interest of fair and orderly markets in proposed Options 3C, Section 6(c). In the event that the underlying equity continues to trade and its price moves significantly in either direction in response to company announcement or other news, the availability of an options market in extended trading hours provides investors with the opportunity to place an options trade to potentially hedge against an adverse move or execute an option strategy in response to the price movement on the underlying market. The Exchange also notes that announcements of the effectiveness of a corporate action made after 4:00 p.m. (that do not result

55 See Cboe 9.20 for materially identical disclosure requirements during their global trading hours. Cboe also added materially identical disclosure requirements for equity options in SR-CBOE-2025-079. See supra note 13.

in the halt of the underlying security to an option) are similar to the announcement of a corporate action that is made prior to 4:00 p.m. In both scenarios, if the corporate action results in an option contract adjustment, such contract adjustment would not be effective until the next trading day.[56] The Options Clearing Corporation ("OCC") makes contract adjustment determinations on a case-by-case basis[57] and such determinations are announced on the OCC website. Presumptions may be made by investors as to whether a contract adjustment will be made (and such presumptions may be correct or incorrect) or an investor may be unaware of the announcement of a corporate action or the announcement of a contract adjustment regardless of whether the announcement on the underlying security event is made before or after 4:00 p.m. Consequently, corporate action announcements made during the additional 15 minutes of trading during the Extended Close will generally have the same impact as corporate action that are announced as effective during RTH.

As discussed above, the differences in the Rules between the trading process during RTH and ETH are that certain order types and instructions like routing will not be available during ETH, no values for indexes underlying index options will be disseminated during ETH, and Members that accept orders from customers during ETH will be required to make certain disclosures to those customers. The differences described above are consistent with the

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56 Using capital gains distributions as an example, if the issuer of an ETF announces a capital gains distribution the afternoon before the ex-distribution date and the event will result in a contract adjustment to the options on such ETF (pursuant to the OCC Rules and By-Laws), it is likely that the contract adjustment will be announced the same day as the ETF capital gains distribution announcement, and the contract adjustment announcement will confirm the effective date of the contract adjustment as the next trading day. See, e.g. OCC Information Memo #58077. Although less frequent, corporate action announcements for an equity option can occur in a similar manner, with the initial announcement of a corporate action made late on the day prior to the effective date of the corporate action (and resulting contract adjustment to the option, if applicable).

57 See OCC Information Memo #54262, which describes OCC's dividend adjustment policy and reminds investors all adjustment decisions are made on a case-by-case basis by OCC.

Exchange's goal to permit ETH trading for those Members that choose to do so without imposing additional burdens on those that do not. The Exchange also notes the following in connection with this goal:

- The Exchange will not require any Member to participate during ETH. Trading during ETH will be optional.
- The Exchange will minimize Members' preparation efforts to the greatest extent possible by allowing Members to trade during ETH with the same ports and data feeds, that they use during RTH.
- The same opening process (with the small change discussed above to move the RTH opening process time from 9:25 a.m. to 9:26 a.m.) will be used to open each trading session.
- Order processing will operate in the same manner during ETH as it does for RTH. There will be no changes to the ranking, display, or allocation algorithm rules.
- There will be no insurmountable operational challenges to make the required changes to the processes for clearing, settlement, exercise, and expiration.[58]
- The Exchange will report the Exchange best bid and offer and executed trades to the Options Price Reporting Authority ("OPRA") during ETH in the same manner they are reporting during RTH. Exchange proprietary data feeds will also be disseminated during ETH using the same formats and delivery mechanisms with which the Exchange disseminates during RTH. Use of these proprietary data feeds will be optional (as they are during RTH).[59]
- The Exchange will perform all necessary surveillance coverage during ETH.
- The Exchange will process all obvious error breaks during ETH in the same manner as it does during RTH and will have personnel available to do so.

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58 The Exchange has held discussions with OCC, which is responsible for clearing and settlement of all listed options transactions and OCC has informed the Exchange that it will be able to clear and settle all transactions that occur on the Exchange and handle exercises of options during ETH. It is the Exchange's understanding that OCC will file a rule change to support the extension of trading hours for equity options. The Exchange will delay the launch of equity options trading in ETH until approval of OCC's rule filing permitting clearance and settlement of equity options transactions ETH.

59 The Exchange has confirmed with OPRA that OPRA is ready to handle the reporting of both multiply listed equity options and the Exchange's proprietary index options.

- The Exchange will disseminate last sale and quotation information during ETH through OPRA pursuant to the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information ("OPRA Plan"), as it does during RTH.[60]

- The Exchange currently offers a variety of auction mechanisms that provide price improvement opportunities for eligible orders. Particularly, the following auction mechanisms offered by the Exchange may be used during ETH: Block Order Mechanism,[61] Facilitation Mechanism,[62] Solicited Order Mechanism,[63] and Price Improvement Mechanism.[64] Each auction mechanism will function in the same manner during ETH as it does during RTH.

- The Exchange has various price protection mechanisms and risk controls available to market participants pursuant to Options 3, Section 15 (Simple Order Risk Protections), Section 16 (Complex Order Risk Protections), Section 17 (Kill Switch), and Section 28 (Optional Risk Protections). These will apply in the same manner during ETH as they do during RTH.

- Market Maker obligations in Options 2, Section 4 and quoting requirements in Options 2, Section 5 apply to Market Makers in ETH; provided that the continuous quoting requirements in Options 2, Section 5(e) would only apply to Market Makers in the Early ETH Session if they choose to quote during that trading session, as discussed in detail above.

- ETH will utilize existing criteria for listing option series for an option class. For example, Monday and Wednesday expirations found in RTH will be applicable to equity options in ETH.

The Exchange understands that systems and other issues may arise and is committed to resolving those issues as quickly as possible, including during ETH. Thus, the Exchange will have appropriate staff available as necessary during ETH to handle any technical and support issues that may arise during those hours. Additionally, the Exchange will have personnel

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60 The OPRA Plan provides for the collection and dissemination of last sale and quotation information on options that are trading on the participant exchanges. The OPRA Plan is a national market system plan approved by the Commission pursuant to Section 11A of the Act and Rule 608 thereunder. See Securities Exchange Act Release No. 17638 (March 18, 1981). The full text of the OPRA Plan is available at www.opraplan.com. All operating U.S. options exchanges participate in the OPRA Plan.

61 See Options 3, Section 11(a).

62 See Options 3, Section 11(b) (for simple orders) and 11(c) (for complex orders).

63 See Options 3, Section 11(d) (for simple orders) and 11(e) (for complex orders).

64 See Options 3, Section 13(a) – (d) (for simple orders) and 13(e) (for complex orders).

available to address any trading issues that may arise during ETH. The Exchange is also committed to fulfilling its obligations as a self-regulatory organization at all times, including during ETH, and will have appropriately trained, qualified regulatory staff in place during ETH to the extent it deems necessary to satisfy those obligations. The Exchange believes its surveillance procedures are adequate to properly monitor trading of eligible equity and index options during ETH.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[65] in general, and furthers the objectives of Section 6(b)(5) of the Act,[66] in particular, in that it is designed 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.

In particular, the proposed rule change to adopt Extended Trading Hours will remove impediments to and perfect the mechanism of a free and open market and a national market system. Extended Trading Hours is a competitive initiative designed to improve the Exchange's marketplace for the benefit of investors. The proposed rule change provides a new investment opportunity within the options trading industry that more closely aligns the Exchange's trading hours with extended trading hours of stock exchanges and other options exchanges.[67] The Exchange believes that the proposed rule change will enhance competition by providing a service to investors that most other options exchanges are currently not providing. The Exchange believes the competition among exchanges ultimately benefits the entire marketplace. Given the

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65 15 U.S.C. 78f(b).

66 15 U.S.C. 78f(b)(5).

67 See supra note 13.

robust competition among options exchanges, innovative trading mechanisms are consistent with the above-mentioned goals of the Act.

The proposed rule change also provides a mechanism for the Exchange to more effectively compete with exchanges located outside the United States. Global markets have become increasingly interdependent and linked, both psychologically and through improved communications technology. This has been accompanied by an increased desire among investors to have access to U.S.-listed exchange products outside of Regular Trading Hours, and the Exchange believes this desire extends to index and equity options. The Exchange believes that its proposal is reasonably designed to provide an appropriate mechanism for trading outside RTH while providing for appropriate Exchange oversight and surveillance pursuant to the Act.

As noted above, the Commission has authorized stock exchanges and a small number of options exchanges to be open for trading outside of RTH pursuant to the Act.[68] Thus, the proposed rule change to adopt ETH is not novel or unique. As the proposed rule change is a new Exchange initiative, the Exchange believes it is reasonable to trade a limited number of index and equity option classes for which demand is anticipated to be the highest during ETH upon implementation of ETH trading in those options.

The vast majority of the Exchange's rules applicable to options, including, without limitation, trading rules, listing rules, and business conduct rules, will apply during ETH in the same manner as during RTH (other than as specified above). These rules have all been previously filed with the Commission and established as being consistent with the goals of the Act. Examples of rules that will apply equally during ETH include rules that protect public customers, impose best execution requirements on Members, and prohibit acts and practices that

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68 See supra note 13.

are inconsistent with just and equitable principles of trade as well as fraudulent and manipulative practices. The proposed rule change also provides opportunities for price improvement during ETH and applies the same allocation and priority rules that are available on the Exchange during RTH. The Exchange therefore believes that the rules that will apply during ETH will continue to promote just and equitable principles of trade and prevent fraudulent and manipulative acts.

The proposed rule change clearly identifies the ways in which trading during ETH will differ from trading during RTH (such as identifying order types and instructions that will not be available during ETH) in new Options 3C. This ensures that investors would be aware of any differences among trading sessions. The Exchange believes that the differences are consistent with the expected differences in liquidity, participation, and trading activity between RTH and ETH. Additionally, to further protect investors from any additional risks related to trading during ETH, the proposed rule change requires that disclosures be made to customers describing these potential risks. Consistent with the goals of investor protection, the Exchange will not allow Market Orders and Stop Orders during the Early ETH Session due to the expected increased volatility and decreased liquidity during those hours.

Additionally, the Exchange believes that the proposed rule change will foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, as the Exchange will ensure that adequate staffing is available during ETH to provide appropriate trading support during those hours, as well as Exchange personnel to make any necessary determinations under the rules during ETH (such as trading halts and trade nullification for obvious errors). The Exchange is also committed to fulfilling its obligations as a self-regulatory organization at all times, including during ETH. The Exchange believes its surveillance procedures are adequate to properly monitor trading in eligible index and equity options during ETH. Clearing and settlement processes will be the same for ETH as they are for RTH transactions.

The proposed rule change further removes impediments to a free and open market and does not unfairly discriminate among market participants, as all Members with access to the Exchange may trade during ETH using the same ports and data feeds they use during RTH, minimizing any preparation efforts necessary to participate during ETH. Members will not be required to trade during ETH.

The Exchange believes that the proposed rule change to apply the Market Maker RTH participation entitlements in Options 3, Section 10(c)(1)(B) – (D) to ETH in the manner described above as well as measuring compliance with the continuous quoting obligations across trading sessions in which the Market Maker quotes will promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest. As discussed above, Market Makers will be subject to the same continuous quoting obligations in Options 2, Section 5(e) during the Early ETH Session with respect to their option class appointments as they are during RTH, provided that these obligations would only be triggered during the Early ETH Session if the Market Maker chooses to enter quotes during that trading session. Further, Market Makers that have entered quotations in their assigned option class during RTH will continue to be subject to the continuous quoting obligations in Options 2, Section 5(e) through the Extended Close because quotes will persist through the Extended Close. In such cases, the Market Maker's quoting activity would be aggregated for all trading sessions in which the Market Maker quotes to determine whether the Market Maker met its continuous quoting obligations. The Exchange believes that these provisions reflect different liquidity and participation dynamics of the Early ETH Session and RTH. The Exchange expects lower levels of trading during the Early ETH Session compared to RTH, which could result in potentially lower liquidity (including fewer Market Makers quoting), higher volatility, and wider spreads. Accordingly, the Exchange is structuring Member (including Market Maker) participation in the Early ETH Session as voluntary to provide them with the choice to engage in that market. If the Exchange required Market Makers to meet continuous quoting obligations during the Early ETH Session even though a Market Maker chose not to participate in that session, the Market Maker could be penalized for choosing not to quote during the Early ETH Session while nonetheless meeting their continuous quoting obligations during RTH. The Exchange believes that the proposed trading session-based calculation promotes clarity and would encourage Market Maker participation in the Early ETH Session without inadvertently penalizing them if they choose not to participate in the Early ETH Session for that day. The Exchange further believes that its proposal to impose continuous quoting obligations during the Extended Close is consistent with the Act because it ensures that investors will have access to continuous, two-sided liquidity throughout the entirety of a trading period that is, by design, a seamless extension of RTH, not a separate, discretionary session. Because quotes are not purged at the end of RTH and instead remain active through the Extended Close, Market Makers are already functionally providing liquidity during that period. Imposing a corresponding obligation ensures that the regulatory framework reflects the operational reality. Further, the Exchange believes that applying the Market Maker participation entitlements in the manner discussed above may help incentivize Market Maker participation in ETH, balanced with the continuous quoting obligations that will apply during those trading sessions in the manner discussed above.

The proposed rule change is also consistent with Section 11A of the Act and Regulation NMS thereunder, because OPRA is ready for the dissemination of transaction and quotation information during ETH through OPRA, pursuant to the OPRA Plan, which the Commission approved and indicated as consistent with the Act.[69] The Exchange will also comply with the Linkage Plan for all eligible option classes that list and trade on another U.S. options exchange outside of RTH.[70]

The proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system because, as noted above, other options exchanges currently offer trading in certain index options outside of RTH.[71] The Exchange believes that the proposed rule change will also help further competition by providing market participants with yet another investment option.

## 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 not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose an undue burden on intra-market competition because all Members will be able, but not required, to participate during Extended Trading Hours. Participation in ETH will be voluntary and within the discretion of Members. As discussed above, the Exchange is proposing to impose the same percentage requirements with respect to the continuous quoting obligations for Market Makers, but would impose these obligations during the Early ETH Session if the Market Maker chooses to enter

69 The Exchange will comply with the OPRA technical specifications and requirements applicable to the dissemination of information during ETH.

70 See supra note 40.

71 See supra note 13.

quotes during that session. The Exchange would then calculate these obligations together for the Early ETH Session and the Extended RTH Session. The Exchange believes this is appropriate given that a Market Maker's continuous quoting obligations would be triggered in the Early ETH Session if they decided to begin quoting in their appointed option class. The Exchange believes that its proposal promotes clarity and would encourage Market Maker participation during the Early ETH Session without inadvertently penalizing them if they choose not to participate in the Early ETH Session for that day.

The Exchange does not believe the proposed rule change to adopt Extended Trading Hours will impose an undue burden on inter-market competition because the proposed rule change is a competitive initiative that will benefit the marketplace and investors. The Exchange believes that the proposed rule change enhances competition by providing a service to investors that only a small number of options exchanges currently provide.[72] Additionally, all options exchanges are free to compete in the same manner. The Exchange further believes that the same level of competition among options exchanges will continue during Regular Trading Hours. The Exchange also believes that the proposed rule change could increase its competitive position outside of the United States by providing investors with an additional investment vehicle with respect to their global trading strategies during times that correspond with parts of regular trading hours outside of the United States.

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

No written comments were either solicited or received.

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72 See supra note 13.

IV. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change, as modified and superseded by Amendment No. 1 (“Amended Proposal”), is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.[73] In particular, the Commission finds that the Amended Proposal is consistent with Section 6(b)(1) of the Act,[74] which requires, among other things, that the Exchange be so organized and have the capacity to be able to carry out the purposes of the Act and to comply, and to enforce compliance by its members and persons associated with its members, with the provisions of the Act, Commission rules and regulations thereunder, and its own rules; Section 6(b)(5) of the Act,[75] which requires, among other things, that the rules of a national securities 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, to protect investors and the public interest, and not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers; and Section 6(b)(8) of the Act,[76] which requires that the rules of a national securities exchange not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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73 In approving this proposed rule change, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

74 15 U.S.C. 78f(b)(1).

75 15 U.S.C. 78f(b)(5).

76 15 U.S.C. 78f(b)(8).

The Amended Proposal largely harmonizes with what is already permitted by another exchange with respect to extended session option trading.[77] In this vein, Proposed Options 3C sets forth, among other things: (i) an early morning session that would occur from 7:30 a.m. ET to 9:25 a.m. ET and a late afternoon session that would occur from 4:00 p.m. to 4:15 p.m. ET, which timeframes are significantly shorter than the trading sessions for equity securities available on many equity exchanges;[78] (ii) eligibility criteria for determining the multi-listed equity option classes that would be available for trading during the proposed extended trading sessions that only highly liquid classes could meet;[79] (iii) a 100-class cap on the number of eligible equity option classes that would be available for extended-session trading with the exception that, if another exchange offers extended trading of an equity option class that the Exchange has not offered, the Exchange could add that class without it counting against the 100-class cap;[80] (iv) a detailed review procedure to determine the equity option classes eligible for inclusion in or removal from the proposed extended trading sessions;[81] (v) a designation of

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77 See, e.g., Cboe Rule 5.1; Securities Exchange Act Release Nos. 105153 (Apr. 6, 2026), 91 FR 18010 (Apr. 9, 2026) (Notice of Amendment No. 1 to SR-CBOE-2025-079) and 105569 (May 28, 2026), 91 FR 33005 (Jun. 2, 2026) (Order approving SR-CBOE-2025-079 as modified by Amendment No. 1) ("Cboe Extended Trading Order" and, collectively with the Notice of Amendment No. 1 to SR-CBOE-2025-079, "Cboe Extended Trading Notice and Order"); Section III, note 13, supra; Letters from Katie Kolchin, Managing Director, Head of Equity & Options Market Structure, and Gerald O'Hara, Vice President and Assistant General Counsel, The Securities Industry and Financial Markets Association, dated April 24, 2026 ("SIFMA April Letter") and May 15, 2026 ("SIFMA May Letter") (urging harmonization across options exchanges in regulatory approaches to expanding trading hours). The SIFMA April Letter and SIFMA May Letter were submitted in response to SR-CBOE-2025-079 and are available on the Commission's website at: https://www.sec.gov/rules-regulations/public-comments/sr-cboe-2025-079.

78 See proposed Options 3C, Section 2; Section III, note 13, supra; Cboe Rule 5.1(b) and (c); Cboe Extended Trading Notice and Order.

79 See proposed Options 3C, Section 3(a)(1)(A)-(B); Section III, supra; Cboe Rule 5.1(c)(2); Cboe Extended Trading Notice and Order.

80 See proposed Options 3C, Section 3(a)(1); Section III, supra; Cboe Rule 5.1(c)(2); Cboe Extended Trading Notice and Order.

81 See proposed Options 3C, Section 3(a)(2)-(4); Section III, supra; Cboe Rule 5.1(c)(2)(A)-(C); Cboe Extended Trading Notice and Order.

proprietary index options traded on the Exchange—namely, NDX, NDXP, and XND—as eligible to trade during the proposed extended trading sessions; [82] (vi) provisions related to the availability of order types and times-in-force, including that market orders and stop orders will not be permitted during the proposed extended sessions;[83] (vii) a modified opening process in light of the proposed early morning session;[84] (viii) provisions related to trading halts;[85] (ix) provisions regarding certain market maker appointments across RTH and the proposed extended sessions, including the application of priority overlays;[86] (x) a provision regarding letters of guarantee to authorize trading during the proposed extended sessions;[87] and (xi) disclosures of the risks of extended session option trading.[88]

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82 See proposed Options 3C, Section 3(b); Section III, supra. These proprietary index options are not multi-listed but the Amended Proposal's approach to trading them during the proposed extended sessions nevertheless is narrower than what is permitted by another exchange, as that exchange permits trading of its proprietary index options outside of regular trading hours during timeframes that are more expansive than the extended sessions proposed here. See Cboe Rule 5.1; see also Section III, note 13, supra. The additional components of proposed Options 3C, Section 3(b)—which provide that certain binary index options are eligible for extended session trading and that the Exchange will not report an index value during the proposed extended sessions—also track another exchange's rules. See proposed Options 3C, Section 3(b); see also Cboe Rule 5.1(c)(1), (c)(4).

83 See proposed Options 3C, Section 4; Section III, supra; Cboe Rule 5.6; Cboe Extended Trading Notice and Order.

84 See proposed Options 3C, Section 5; Section III, supra; Cboe Rule 5.31(d); Cboe Extended Trading Notice and Order.

85 See proposed Options 3C, Section 6; Section III, supra; Cboe Rule 5.20; Cboe Extended Trading Notice and Order.

86 See proposed Options 3C, Section 7; Section III, supra; Cboe Extended Trading Notice/Order; Securities Exchange Act Release No. 105763 (Jun. 24, 2026) (Order approving SR-CBOE-2026-016) ("Cboe DPM Order").

87 See proposed Options 3C, Section 8; Section III, supra; Cboe Extended Trading Notice and Order.

88 See proposed Options 3C, Section 9; Section III, supra; Cboe Rule 9.20; Cboe Extended Trading Notice and Order. The Amended Proposal also provides that existing options rules and functionalities of the Exchange will apply to extended session option trading on the Exchange unless the context requires otherwise, and the Exchange sets forth various disclosures that, according to the Exchange, are designed to permit extended session trading for members that choose to participate in such trading without imposing additional burdens on those that do not. See proposed Options 3C, Section 1(a); Section III, supra; see also Cboe Extended Trading Notice and Order.

These aspects of the Amended Proposal do not raise novel regulatory issues that the Commission has not considered previously,[89] and are consistent with the Act. Equity securities are exchange-traded outside of RTH but investors currently are unable to engage in exchange trading outside of RTH to utilize equity option trading strategies, including to hedge equity positions and mitigate downside risk in those positions. Moreover, investors currently are unable to engage in Exchange trading outside of RTH that utilizes the Exchange's index option products. By extending the availability of Exchange trading of its index option products and qualifying equity options, the Amended Proposal is reasonably designed to expand access to options as a tool for risk mitigation and help investors hedge equity positions against price movements. Further, by largely replicating another exchange's approach to permitting extended session option trading, the Amended Proposal is designed to perfect the mechanism of a free and open market and national market system and enhance competition among options exchanges offering such extended session option trading, to the benefit of investors.

Other, discreet aspects of the Amended Proposal that depart from what is already provided in other exchange rules are consistent with the Act.[90] The Exchange has proposed its own terminology for classifying its extended trading sessions,[91] and would provide members with flexibility to specify the trading sessions during which their option orders may trade, including the ability to exclude the proposed Extended Close session if that is desired.[92] The

89 See Cboe Extended Trading Order.

90 See, e.g., SIFMA April Letter (pointing out differences between SR-Cboe-2025-079 and the Initial Filing here).

91 See proposed Options 3C, Section 1(b)-(c); compare Cboe Rule 5.1(c)-(d) and Cboe Extended Trading Notice and Order.

92 See proposed Options 3C, Section 4(b); Section III, supra.

Exchange has proposed not to route orders during the proposed extended sessions,[93] and would handle orders it receives during these sessions in a manner designed to comply with the Linkage Plan.[94] The Exchange also has proposed not to permit certain complex orders during its proposed early morning session because information regarding the underlying stock that the Exchange requires for these types of orders would not be available, and to eliminate certain times-in-force modifiers to avoid operational complexity.[95] These aspects of the Amended Proposal are consistent with the functioning of fair and orderly markets, the perfection of the mechanism of a free and open market and a national market system, and the protection of investors and the public interest.

With respect to the collection and dissemination of quotation and transaction information during the proposed extended sessions, the Exchange states that it will report its best bid and offer and executed trades during these sessions in the same manner as they are reported during RTH, and will disseminate last sale and quotation information during these sessions through OPRA pursuant to the OPRA plan, as it does during RTH.[96] Additionally, the Exchange has confirmed that OPRA is prepared to handle the reporting of both multiply listed equity options and the Exchange's proprietary index options.[97]

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93 See proposed Options 3C, Section 4(d); compare Cboe Rule 5.36 and Cboe Extended Trading Notice and Order.

94 See Section III, supra.

95 See proposed Options 3, Section 7, Supp. .02; proposed Options 3C, Section 4(c); Section III, supra; compare Cboe Extended Trading Notice and Order.

96 See Section III, supra.

97 Id. at note 59. See also Memorandum from the Division of Trading and Markets Regarding a March 4, 2026, Conference Call with Representatives of the Options Price Reporting Authority and the Securities Industry Automation Corporation, dated March 4, 2026 (stating that OPRA is able to support the proposed extended trading sessions for all exchanges, following a 30-day notice period to OPRA subscribers), available on the Commission's website at: https://www.sec.gov/rules-regulations/public-comments/sr-cboe-2025-079.

Further, the Exchange states that there will be no insurmountable operational challenges to making required changes to the processes for clearing, settlement, exercise and expiration.[98] Moreover, the Exchange states that the OCC will be able to clear and settle all transactions that occur on the Exchange and handle exercises of options during the proposed extended trading sessions.[99] The Exchange also acknowledges that the OCC must file a proposed rule change with the Commission to support the extension of trading hours for equity options, and the Exchange represents that it will not launch extended session equity option trading until Commission approval of OCC's rule filing.[100]

As the Commission stated previously, the Exchange's timing for the commencement of its proposed extended trading sessions must be consistent with Sections 6(b)(1), 6(b)(5), and 6(b)(8) of the Act.[101] Here, as there, these requirements have been met in light of (i) OPRA's readiness to collect and disseminate quotation and transaction information for any exchange during the proposed extended trading sessions, (ii) the Exchange's commitment not to launch equity option trading during the proposed extended trading sessions until approval of the proposed rule change that the OCC must file with the Commission, and (iii) the fact that Exchange members should have reasonable time and opportunity to prepare for the proposed extended trading sessions, including during the statutory timeframe that applies to the proposed rule change that the OCC must file with the Commission.[102] Moreover, that no exchange may trade equity options during the proposed extended trading sessions until the OCC's related

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98 See Section III, supra.

99 See Section III, note 58, supra.

100 Id.

101 See Cboe Extended Trading Order.

102 See Section III, note 58, supra; see also Section 19(b) of the Act; 15 U.S.C. 78s(b).

proposed rule change has been completed should provide for a harmonized point in time at which exchanges may implement the proposed extended sessions for equity option trading, pursuant to rules approved by the Commission or that otherwise become effective pursuant to Section 19(b), if they so choose.[103]

For the foregoing reasons, the Commission finds that the Amended Proposal is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange.

## V. Solicitation of Comments on Amendment No. 1 to the Proposed Rule Change

Interested persons are invited to submit written data, views, and arguments concerning whether Amendment No. 1 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-MRX-2026-11 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-MRX-2026-11. 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

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103 See SIFMA May Letter (urging harmonization of the initial launch of extended trading of equity options); Section 19(b) of the Act; 15 U.S.C. 78s(b).

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-MRX-2026-11 and should be submitted by [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

VI. Accelerated Approval of the Proposed Rule Change, as Modified and Superseded by Amendment No. 1

The Commission finds good cause to approve the proposed rule change, as modified and superseded by Amendment No. 1, prior to the thirtieth day after the date of publication of notice of the filing of Amendment No. 1 in the Federal Register. Amendment No. 1 further harmonizes the Initial Filing with what is already permitted by another exchange with respect to extended session equity option trading, as well as narrows the Initial Filing, such as with respect to the non-availability of certain types of complex orders during the proposed extended sessions. Amendment No. 1, without altering the purpose of the Initial Filing, strengthens the Initial Filing by providing additional clarity and a more harmonized approach to extended session equity option trading.

The Commission therefore finds that Amendment No. 1 does not raise any novel regulatory issues substantially different from those that had been previously subject to comment and is reasonably designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,[104] to approve the proposed rule change, as modified and superseded by Amendment No. 1, on an accelerated basis prior to the 30th day after publication of notice of the filing of Amendment No. 1 in the Federal Register.

## VII. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,[105] that the proposed rule change (SR-MRX-2026-11), as modified and superseded by Amendment No. 1, be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[106]

**Sherry R. Haywood,**

*Assistant Secretary.*

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104 15 U.S.C. 78s(b)(2).

105 Id.

106 17 CFR 200.30-3(a)(12).