

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-83809; File No. SR-CboeBZX-2018-057)

August 9, 2018

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Exchange Rule 1.5, Definitions, Exchange Rule 14.6, Obligations for Companies Listed on the Exchange, and Exchange Rule 14.11, Other Securities

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August 1, 2018, Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6)(iii) thereunder,<sup>4</sup> which renders it effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange filed a proposal to amend Rule 1.5(c), which defines the After Hours Trading Session, to allow trading until 8:00 p.m. ET.

The text of the proposed rule change is available at the Exchange’s website at [www.markets.cboe.com](http://www.markets.cboe.com), at the principal office of the Exchange, and at the Commission’s Public

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

<sup>2</sup> 17 CFR 240.19b-4.

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

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

Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts 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 offers four distinct trading sessions where the Exchange accepts orders for potential execution: (1) the "Early Trading Session," which begins at 7:00 a.m. Eastern Time ("ET") and continues until 8:00 a.m. ET,<sup>5</sup> (2) the "Pre-Opening Session," which begins at 8:00 a.m. ET and continues until 9:30 a.m. ET,<sup>6</sup> (3) "Regular Trading Hours," which begin at 9:30 a.m. ET and continue until 4:00 p.m. ET,<sup>7</sup> and (4) the "After Hours Trading Session," which begins at 4:00 p.m. ET and continues until 5:00 p.m. ET.<sup>8</sup> Users<sup>9</sup> may designate when their orders are eligible for execution by selecting their desired Time-in-Force instruction.<sup>10</sup>

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<sup>5</sup> "Early Trading Session" means the time between 7:00 a.m. and 8:00 a.m. ET. See Rule 1.5(ee).

<sup>6</sup> "Pre-Opening Session" means the time between 8:00 a.m. and 9:30 a.m. ET. See Rule 1.5(r).

<sup>7</sup> "Regular Trading Hours" means the time between 9:30 a.m. and 4:00 p.m. ET. See Rule 1.5(w).

<sup>8</sup> "After Hours Trading Session" means the time between 4:00 p.m. and 5:00 p.m. ET. See Rule 1.5(c).

The purpose of the proposed rule change is to amend Rule 1.5(c), which defines the After Hours Trading Session, to allow trading until 8:00 p.m. ET, consistent with the hours currently available on the Exchange's affiliates Cboe EDGX Exchange, Inc. ("EDGX") and Cboe EDGA Exchange, Inc. ("EDGA").<sup>11</sup> The After Hours Trading Session will continue to begin after Regular Trading Hours end at 4:00 p.m. ET but instead of ending at 5:00 p.m. ET, as is the case today, will now be available until 8:00 p.m. ET similar to the EDGX and EDGA markets. Rule 11.1(a), which was inadvertently modified in November 2014 to include an 8:00 p.m. ET cutoff for entering orders as part of a proposed rule change to accept orders beginning at 6:00 a.m. ET,<sup>12</sup> will not be amended by this proposed rule change as the Exchange will now accept orders until 8:00 p.m. ET as described in that rule.

The Exchange's affiliate, Cboe BYX Exchange, Inc. ("BYX"), is also filing to extend its trading hours to 8:00 p.m. ET.<sup>13</sup> The proposed rule change will therefore promote a consistent experience for market participants across all four equities markets operated by Cboe Global Markets, Inc. Orders entered for participation in the After Hours Trading Session will continue to be handled in the same manner as today, with the exception that the Exchange will now accept those orders until 8:00 p.m. ET, thereby providing additional time for market participants to source liquidity outside of Regular Trading Hours. The Exchange therefore believes that

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<sup>9</sup> "User" means any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3. See Rule 1.5(cc).

<sup>10</sup> See Rule 11.9(b).

<sup>11</sup> See EDGX and EDGA Rule 1.5(r), which both define "Post-Closing Session" as the time between 4:00 p.m. and 8:00 p.m. ET.

<sup>12</sup> See Securities Exchange Act Release No. 73745 (December 4, 2014), 79 FR 73359 (December 10, 2014) (SR-BATS-2014-062).

<sup>13</sup> See SR-CboeBYX-2018-013 (pending publication).

amending Rule 1.5(c) to extend the Exchange's trading hours will benefit investors that will now be able to trade on the Exchange later in the day.

A number of other Exchange rules related to listings also specifically reference the time that the Exchange is open for trading (i.e., until 5:00 p.m. ET today). The Exchange therefore proposes to update references to the Exchange's hours of operation in those rules in connection with the changes to extend the After Hours Trading Session to 8:00 p.m. ET. Specifically, the Exchange proposes to amend the following rules to reference the proposed 8:00 p.m. ET end of trading: (1) Interpretations and Policies .01 and .02 to Rule 14.6, which provide the timing for notifying the Exchange of certain public disclosures to be made during Exchange market hours; (2) Rule 14.11(b)(7),(c)(7) which provide that the Exchange may designate Portfolio Depository Receipts or Index Fund Shares, respectively, for trading during the pre-market and post-market sessions offered on the Exchange; (3) Rule 14.11(f)(2)(B), which provides that transactions in Trust Issued Receipts may be effected until 5:00 p.m. ET each business day; and (4) Rule 14.11(j)(2), which provides that the Exchange must distribute an information circular for UTP Derivative Securities that, among other things, includes information about the risks of trading during the Exchange's various trading sessions.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>14</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>15</sup> in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and

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<sup>14</sup> 15 U.S.C. 78f(b).

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

perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. Specifically, the Exchange believes that the proposed rule change will benefit market participants by providing additional opportunities to transact on the Exchange later in the trading day.

As explained in the purpose section of this proposed rule change, the Exchange currently accepts orders in its After Hours Trading Session until 5:00 p.m. ET, while two of its affiliated exchanges (i.e., EDGX and EDGA) currently have a Post-Closing Session that ends at 8:00 p.m. ET.<sup>16</sup> The Exchange believes that market participants would benefit from a longer After Hours Trading Session on the Exchange too, and is therefore proposing to extend its After Hours Trading Session to the same time as its affiliated markets. The Exchange believes that this change will provide additional opportunities for firms to source liquidity for their orders on the Exchange. Furthermore, the proposed rule change will ensure that Members have a similar experience when trading on all four Cboe equities markets. For the reasons set forth above, the Exchange believes the proposal removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest.

In addition, the Exchange believes that the proposed changes to its listing rules are consistent with the Act because these changes update those rules with references to the proposed 8:00 p.m. ET time that the Exchange would accept orders in the After Hours Trading Session. No further substantive changes to those rules are proposed. The Exchange believes that it is appropriate to update all rules that specifically reference the Exchange's hours of operation so

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<sup>16</sup> See supra note 11.

that the rules properly reflect the changes to the After Hours Trading Session being implemented in this proposed rule change.

(B) Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. The Exchange does not believe that the proposed rule change would have any significant impact on inter-market competition as the Exchange's affiliated exchanges already allow after hours trading until 8:00 p.m. ET, and other markets are free to provide similar trading hours. Furthermore, the Exchange does not believe that the proposed rule change would have any significant impact on intra-market competition as all Members would be able to enter orders later in the day due to the extended After Hours Trading Session.

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

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

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>17</sup> and Rule 19b-4(f)(6) thereunder.<sup>18</sup>

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<sup>17</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>18</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule

A proposed rule change filed under Rule 19b-4(f)(6)<sup>19</sup> normally does not become operative for 30 days after the date of its filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>20</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange represents that waiver of the 30-day operative delay will allow the Exchange to immediately provide a venue for market participants to source liquidity until 8:00 p.m. ET, similar to the operation of other exchanges. Because the proposed rules previously have been approved by the Commission for, and are substantively identical to those of, another listing exchange, the Commission believes does not believe that the proposal raises any novel or unique regulatory issues.<sup>21</sup> Therefore, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. The Commission hereby waives the 30-day operative delay and designates the proposed rule change operative upon filing.<sup>22</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or

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change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

<sup>19</sup> 17 CFR 240.19b-4(f)(6).

<sup>20</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>21</sup> See supra note 11.

<sup>22</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

(iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule change should be approved or disapproved.

#### IV. Solicitation of Comments

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

##### Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-CboeBZX-2018-057 on the subject line.

##### Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CboeBZX-2018-057. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and

3:00 pm. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CboeBZX-2018-057 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>23</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>23</sup> 17 CFR 200.30-3(a)(12).