

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-90403; File No. SR-CboeBZX-2020-084)

November 12, 2020

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Fee Schedule to Correct Drafting Error in a Footnote

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 9, 2020, Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend the fee schedule. The text of the proposed rule change is provided in Exhibit 5.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 fee schedule to correct an inadvertent drafting error. Specifically, the Exchange submitted a rule filing on September 11, 2020 to amend the Fee Schedule,³ which, among other things, amended the standard rates for orders that add liquidity in securities priced under \$1.00 by providing for a standard rebate of \$0.00009 per share (“September Filing”). As discussed in the September Filing, this change was intended to apply solely to orders yielding fee codes B, V and Y that add liquidity to the Exchange. Indeed, the filing specifically provided that this new standard rebate for orders in securities priced below \$1.00 would be applied to “corresponding fee codes that add liquidity (i.e., B, V and Y)”. However, the proposed fee change incorrectly reflected the proposed \$0.00009 subdollar rebate in footnote 7 of the Fee Schedule, which is appended not only to fee codes B, V and Y, but also to fee codes HB, HI, HV, HY, RP and ZA. As a result of this drafting error, the Fee Schedule incorrectly indicates that the \$0.00009 subdollar rebate that was introduced for orders yielding fee codes B, V and Y in the September Filing also applies to fee codes HB, HI, HV, HY, RP and ZA. Therefore, the Exchange proposes to correct this inadvertent drafting error by removing footnote 7 from fee codes B, V and Y and adopting new footnote 19, appended to fee codes B, V and Y, to reflect the \$0.00009 rebate for orders in securities priced below \$1.00, as well as

³ See Securities Exchange Act Release No. 89974 (September 23, 2020), 85 FR 61071 (September 29, 2020) (SR-CboeBZX-2020-071).

revising footnote 7 to provide, as it did prior to the September Filing, that no charge or rebate will be applied to orders in securities priced below \$1.00 that yield the fee codes to which footnote 7 remains appended (HB, HI, HV, HY, RP and ZA). The Exchange notes that the proposed rule change is merely corrective in nature and does not change any rates that are currently applied to orders that yield fee codes B, V, Y, HB, HI, HV, HY, RP and ZA.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,⁴ in general, and furthers the objectives of Section 6(b)(4),⁵ in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and issuers and other persons using its facilities. The Exchange also believes that the proposed rule change is consistent with the objectives of Section 6(b)(5)⁶ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest, and, particularly, is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed change is reasonable, equitable and not unfairly discriminatory as it does not change the fees or rebates assessed by the Exchange, but rather corrects an inadvertent drafting error that amended a footnote in the Fee Schedule appended to

⁴ 15 U.S.C. 78f.

⁵ 15 U.S.C. 78f(b)(4).

⁶ 15 U.S.C. 78f.(b)(5).

fee codes for which the Exchange did not intend the rebate change proposed in the September Filing to apply. As an unintended result of a drafting error in the September Filing to change language in footnote 7 to reflect updated rebates applicable only to orders that yield fee codes B, V and Y, the Fee Schedule is missing rebate-related language that applies to orders that yield fee codes HB, HI, HV, HY, RP and ZA, to which footnote 7 is also appended. The Exchange believes that adopting footnote 19 to instead reflect the recently adopted rates for orders in securities priced below \$1.00 that yield fee codes B, V and Y and revising footnote 7 to again reflect the correct rates for the fee codes to which it is appended (HB, HI, HV, HY, RP and ZA) would reduce confusion around the Exchange's current rates and ensure that these fees are appropriately referenced in the Fee Schedule. The rates described in the proposed language in footnote 7 are the same as the rates identified for fee codes HB, HI, HV, HY, RP and ZA prior to the inadvertent change to this language in the September Filing, and the Fee Schedule is also being amended to explicitly provide for the new rates applicable to fee codes B, V and Y, pursuant to the September Filing, in proposed footnote 19. The Exchange believes that these steps will help ensure that its Fee Schedule fully and accurately represents the rates assessed for orders in securities priced below \$1.00 that yield fee codes HB, HI, HV, HY, RP and ZA, as well as B, V and Y, as previously filed with the Commission. The Exchange again notes that the proposed rule change is merely corrective in nature and does not change any rates that are currently applied to orders that yield fee codes B, V, Y, HB, HI, HV, HY, RP and ZA.

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 intramarket or intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed rule change merely corrects an inadvertent drafting

error and is designed to reduce potential confusion regarding the appropriate subdollar rates referenced in the footnotes in the Fee Schedule. The Exchange believes that this change would add clarity and increase transparency to the benefit of Members and investors without having any impact on competition.

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

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

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act⁷ and paragraph (f) of Rule 19b-4 thereunder.⁸ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will 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 proposed rule change is consistent with the Act.

Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);
- or

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CboeBZX-2020-084 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-2020-084. 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 a.m. and 3:00 p.m. Copies of the filing also will 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-2020-084 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.⁹

J. Matthew DeLesDernier
Assistant Secretary

⁹ 17 CFR 200.30-3(a)(12).