

Maintaining Qualifications Program in the same manner.¹⁹

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

Written comments were neither solicited nor received.

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

MIAX has filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act²⁰ and Rule 19b-4(f)(6) thereunder.²¹ 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 after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.²²

A proposed rule change filed under Rule 19b-4(f)(6)²³ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),²⁴ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. MIAX has indicated that the immediate operation of the proposed rule change is appropriate because it would allow the Exchange to implement the proposed changes to its continuing education rules without delay, thereby eliminating the possibility of a significant regulatory gap between the FINRA rules and the Exchange rules, providing more uniform standards across the securities industry, and helping to avoid confusion for Exchange members that are also FINRA members. MIAX also noted that FINRA plans to conduct additional public outreach efforts to promote awareness of the MQP and the availability of the Second Enrollment Period among Look-

Back Individuals. Therefore, MIAX indicated that the immediate operation of the proposed rule change is also appropriate because it would help to further notify Look-Back Individuals of their options and provide additional time for them to consider whether they wish to participate in the MQP before the December 31, 2023 deadline. For these reasons, the Commission believes that waiver of the 30-day operative delay for this proposal is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposal operative upon filing.²⁵

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 shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-MIAX-2023-34 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-MIAX-2023-34. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent

amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-MIAX-2023-34 and should be submitted on or before October 20, 2023.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁶

Sherry R. Haywood,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-98509; File No. SR-CBOE-2023-052]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Certain Rules Related to Stock-Option Orders

September 25, 2023.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on September 15, 2023, Cboe Exchange, Inc. ("Exchange" or "Cboe Options") 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 filed the proposal pursuant to Section 19(b)(3)(A)(iii) of the Act³ and

¹⁹ See *supra* note 5.

²⁰ 15 U.S.C. 78s(b)(3)(A)(iii).

²¹ 17 CFR 240.19b-4(f)(6).

²² 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

²³ 17 CFR 240.19b-4(f)(6).

²⁴ 17 CFR 240.19b-4(f)(6)(iii).

²⁵ For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule change's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

²⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

Rule 19b-4(f)(6) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") proposes to amend certain Rules related to stock-option orders. 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://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), 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 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 update certain of its Rules regarding the definition and execution of stock-option orders. Rule 1.1 defines a "stock-option order" as an order to buy or sell a stated number of units of an underlying or a related security coupled with either (a) the purchase or sale of option contract(s) on the opposite side of the market representing either the same number of units of the underlying or related security or the number of units of the underlying security necessary to create a delta neutral position or (b) the purchase or sale of an equal number of put and call option contracts, each having the same exercise price and expiration date, and each representing the same number of units of stock as, and on the opposite side of the market from, the underlying or related security portion of the order. It also provides that for purposes of electronic trading, the

term stock-option order has the meaning set forth in Rule 5.33. Therefore, this definition of stock-option order in Rule 1.1 applies to open outcry trading on the Exchange.

Rule 5.33(b)(5) currently defines a "stock-option order" for purposes of electronic trading as 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 an option 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(s) to the total number of units of the underlying stock or convertible security in the stock leg.⁵

Rule 5.33(f)(2)(B) and Rule 5.85(b)(3) currently describe certain restrictions on electronic and open outcry, respectively, executions of stock-option orders. Current Rule 5.33(f)(2)(B) provides that stock-option orders that execute electronically are subject to the following:

- For a stock-option order with one option leg, the option leg may not trade at a price worse than the individual component price on the Simple Book or at the same price as a Priority Customer Order on the Simple Book.
- For a stock-option order with more than one option leg, the option legs must trade at prices pursuant Rule 5.33(f)(2)(A).⁶

⁵ Only those stock-option orders in the classes designated by the Exchange with no more than the applicable number of legs are eligible for processing. Stock-option orders execute in the same manner as other complex orders, except as otherwise specified in Rule 5.33.

⁶ Rule 5.33(f)(2)(A) states the System does not execute a complex order pursuant to Rule 5.33 at a net price: (i) that would cause any component of the complex strategy to be executed at a price of zero; (ii) that would cause any component of the complex strategy to be executed at a price worse than the individual component prices on the Simple Book; (iii) worse than the price that would be available if the complex order Legged into the Simple Book; or (iv) worse than the SBBO or equal to the SBBO when there is a Priority Customer order on any leg comprising the SBBO and: (a) if a complex order has a ratio equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00), or is an Index Combo order, at least one component of the complex order must execute at a price that improves the BBO for that component by at least one minimum increment; or (b) if the complex order has a ratio less than one-to-three (.333) or greater than three-to-one (3.00), the component(s) of the complex order for the leg(s) with a Priority Customer order at the BBO must execute at a price that improves the price of that

• A stock-option order may only execute if the stock leg is executable at the price(s) necessary to achieve the desired net price.⁷

• The System executes the buy (sell) stock leg of a stock-option order pursuant to Rule 5.33 up to a buffer amount above (below) the NBO (NBB) for the stock leg.⁸

Rule 5.85(b)(3) provides that stock-option orders and security future-option orders have priority over bids (offers) of in-crowd market participants but not over Priority Customer bids (offers) in the Book.

The Exchange previously amended its rules to permit complex orders of all ratios to be executed on the Exchange, both electronically and in open outcry, subject to certain execution restrictions.⁹ Rule 1.1 currently defines "complex order" as an order involving the concurrent execution of two or more different series in the same underlying security or index (the "legs" or "components" of the complex order), for the same account, occurring at or near the same time and for the purpose of executing a particular investment strategy with no more than the applicable number of legs (which number the Exchange determines on a class-by-class basis). The Exchange determines in which classes complex orders are eligible for processing. The Exchange determines on a class-by-class basis whether complex orders with ratios less than one-to-three (.333) or greater than three-to-one (3.00) (except for Index Combo orders) are eligible for electronic processing. Unless the context otherwise requires, the term complex order includes Index Combo orders, stock-option orders and security future-option orders.¹⁰

Priority Customer order(s) on the Simple Book by at least one minimum increment, except AON complex orders may only execute at prices better than the SBBO.

⁷ To facilitate the execution of the stock leg and options leg(s) of an executable stock-option order at valid increments pursuant to Rule 5.33(f)(1)(B), the legs may trade outside of their expected notional trade value by a specified amount (which the Exchange determines), unless the order has a capacity of "C".

⁸ See Rule 5.33(f)(2)(B)(i)-(iii). The rule further provides that the execution price of the buy (sell) stock leg of a QCC with Stock Order may be any price (including outside the NBBO for the stock leg), except the price must be permitted by Regulation SHO and the Limit Up-Limit Down Plan. Rule 5.33(f)(2)(B)(iv).

⁹ See Securities Exchange Release No. 94204 (February 9, 2022), 87 FR 8625 (February 15, 2022) (SR-CBOE-2021-046).

¹⁰ The proposed definition of conforming complex order provides that, for the purpose of applying these ratios to complex orders comprised of legs for both mini-options and standard options, ten mini-option contracts represent one standard option contract.

⁴ 17 CFR 240.19b-4(f)(6).

The Exchange first proposes to adopt definitions of “conforming” and “nonconforming” complex orders in Rule 1.1. The Exchange notes these proposed definitions are consistent with definitions used by another options exchange.¹¹ Specifically, the Exchange proposes to define a “conforming complex order” as (a) a complex order with a ratio on the options legs greater than or equal to one-to-three (.333) or less than or equal to three-to-one (3.00), (b) an Index Combo order,¹² and (c) a stock-option order with a ratio less than or equal to 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(s) to the total number of units of the underlying stock or convertible security in the stock leg. The Exchange proposes to define a “nonconforming complex order” as (a) a complex order with a ratio on the options legs less than one-to-three (.333) or greater than three-to-one (3.00) (except for Index Combo orders) and (b) a stock-option order with 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(s) to the total number of units of the underlying stock or convertible security in the stock leg. The proposed definitions of conforming and nonconforming complex orders each provide that, for the purpose of applying these ratios to complex orders comprised of legs for both mini-options and standard options, ten mini-option contracts represent one standard option contract. The proposed definitions of conforming and nonconforming complex orders also provide that, for the purpose of applying these ratios to complex orders comprised of legs for both micro-options and standard options, 100 micro-option contracts represent one standard option contract. These proposed ratio applications are consistent with the current definition of complex order and stock-option order.

The inclusion of an Index Combo as a conforming complex order is consistent with the definition of Index Combo order¹³ and the rule filing to

adopt an Index Combo order.¹⁴ As noted in the rule filing to adopt an Index Combo order, the release further stated that the proposed eight-to-one ratio was selected because it was a “defined conforming ratio . . . used for stock-option orders”¹⁵ The purpose of an Index Combo order is to allow investors to trade an index option with a synthetic underlying position, making it a functional equivalent to a stock-option order.¹⁶ As noted in that rule filing, and in the definition of an Index Combo order in Rule 5.33, an Index Combo order is subject to all provisions applicable to complex orders (excluding the one-to-three/three-to-one ratio) in the Rules, which included permissible execution prices set forth in Rule 5.33(f)(2)(A).¹⁷ Therefore, it is consistent with current Rules to include an Index Combo order as a “conforming complex order.”

The proposed rule change amends Rules 1.1 (definitions of “complex order” and “stock-option order”); 5.6(c) (definition of “complex order”); 5.30(a)(4), (b)(4), and (c)(4); 5.33(a) (definition of “complex order”), (b)(5) (definition of “stock-option order”), and (f)(A)(iv); 5.83(b); and 5.85(b)(1) and (2) to incorporate the proposed definitions of conforming and nonconforming complex orders but make no other substantive changes to these rules. These proposed changes are consistent with industry terminology regarding complex orders with these ratios.

Based on the definition in Rule 1.1 of complex orders, which includes stock-option orders, the Exchange’s previous rule change was intended to apply to stock-option orders (*i.e.*, to permit stock-option orders of any ratio to be processed, including (in permitted classes) electronically).¹⁸ The reasons set

(2) A “delta” is the positive (negative) number of Index Combinations that must be sold (purchased) to establish a market neutral hedge with one or more series of the same index option. (3) An Index Combo order may not have a ratio greater than eight options to one Index Combination (8.00), and will be subject to all provisions applicable to complex orders (excluding the one-to-three/three-to-one ratio) in the Rules.)

¹⁴ See Securities Exchange Act Release No. 87883 (January 2, 2020), 85 FR 942 (January 8, 2020) (SR-CBOE-2019-126).

¹⁵ See *id.* at 945.

¹⁶ See *id.* At the time the Index Combo order type was adopted, Rule 5.33(f)(2)(A) included permissible pricing for conforming complex orders only, which as a result would have applied to Index Combos.

¹⁷ See *id.* and Rule 5.33(b)(5) (subparagraph (3) of definition of Index Combo).

¹⁸ See *supra* note 9; and Exchange Notice, Choe Options Introduces New Net Price Increments and Enhanced Electronic and Open Outcry Handling for Complex Orders with Non-Conforming Ratios, dated March 21, 2022 (available at Choe Options Introduces New Net Price Increments and Enhanced

forth in that rule change for expanding electronic processing of nonconforming complex orders applies to all complex orders, including stock-option orders. However, the Exchange inadvertently did not update certain provisions specific to stock-option orders. Therefore, in addition to adding the proposed definitions of conforming and nonconforming complex orders, the proposed rule change clarifies that the Exchange may permit stock-option orders of any ratio to be processed, including (in permitted classes) electronically. Specifically, the Exchange proposes to update the definition of stock-option order in Rule 5.33(b)(5) to state in classes determined by the Exchange, a nonconforming stock-option order is not eligible for electronic processing, including the complex order auction (“COA”), complex order book (“COB”), complex automated improvement mechanism (“C-AIM”), and complex solicited auction mechanism (“C-SAM”). This proposed language is the same as language currently included in the definition of “complex order” in Rule 5.33(a), the intent of which is to permit the Exchange to determine in which classes nonconforming complex orders (including stock-option orders) may be submitted for electronic processing on the Exchange pursuant to Rule 5.33.

The proposed rule change also adds Rule 5.33(f)(2)(B)(v) to state the System does not execute a stock-option order pursuant to Rule 5.33 at a net price worse than the SBBO or equal to the synthetic best bid or offer (“SBBO”) when there is a Priority Customer order on any leg comprising the SBBO and: (a) if a conforming stock-option order, at least one option component of the stock-option order must execute at a price that improves the BBO for that component by at least one minimum increment; or (b) if a nonconforming stock-option order, the option components of the stock-option order for the leg(s) with a Priority Customer order at the BBO must execute at a price that improves the price of that Priority Customer order(s) on the Simple Book by at least one minimum increment, except AON stock-option orders may only execute at prices better than the SBBO. This is consistent with the permissible execution prices of conforming and nonconforming complex orders with only option components submitted for electronic processing.¹⁹ Similarly, the proposed

Electronic and Open Outcry Handling for Complex Orders with Non-Conforming Ratios). The Exchange notes another options exchange interprets current Rule 5.33 to permit the electronic processing of nonconforming stock-option orders.

¹⁹ See Rule 5.33(f)(2)(A)(iv).

¹¹ See Miami International Securities Exchange, LLC (“MIAX”) Rule 518(a)(8) and (16) (defining “conforming ratio” and “nonconforming ratio”).

¹² See Rule 5.33(b)(5) (definition of Index Combo order).

¹³ See *id.* (defining an “Index Combo” order is an order to purchase or sell one or more index option series and the offsetting number of Index Combinations defined by the delta. For purposes of an Index Combo order, the following terms have the following meanings: (1) An “Index Combination” is a purchase (sale) of an index option call and sale (purchase) of an index option put with the same underlying index, expiration date, and strike price.

rule change adds Rule 5.85(b)(4) and (5) to state:

- A conforming stock-option order may be executed at a net debit or credit price without giving priority to equivalent bids (offers) in the individual series legs that are represented in the trading crowd or in the Book if the price of at least one option leg of the order improves the corresponding bid (offer) of a Priority Customer order(s) in the Book by at least one minimum trading increment as set forth in Rule 5.4(b). In other words, if there is a Priority Customer order on every leg comprising the SBBO, at least one option leg of the stock-option order must execute at a price that improves the price of the Priority Customer order on the Simple Book for that leg by at least one minimum increment.

- A nonconforming stock-option order may be executed at a net debit or credit price without giving priority to equivalent bids (offers) in the individual series legs that are represented in the trading crowd or in the Book if each option leg of the order better the corresponding bid (offer) of a Priority Customer order(s) in the Book on each leg by at least one minimum trading increment as set forth in Rule 5.4(b). In other words, if there is a Priority Customer order on any leg(s) comprising the SBBO, the component(s) of the stock-option for the option leg(s) with a Priority Customer order at the BBO must execute at a price that improves the price of that Priority Customer order(s) on the Simple Book by at least one minimum increment.

This is consistent with the permissible execution prices of conforming and nonconforming complex orders with only option components submitted for open outcry processing.²⁰

Therefore, execution of all conforming and nonconforming complex orders, including stock-option orders, continues to protect Priority Customer interest on the Exchange.²¹

The proposed rule change has no impact on the requirements for stock-option orders or how they may be executed. For example, all stock-option orders (both conforming and nonconforming) must satisfy the criteria set forth in the definitions of stock-option orders in Rule 1.1 (for open outcry processing) and 5.33(b) (for

electronic processing), as set forth above. Additionally, all stock-option orders must comply with the Qualified Contingent Trade (“QCT”) exemption.²² The Exchange represents that its surveillances incorporate stock-option orders with all ratios, including nonconforming ratios.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.²³ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)²⁴ 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. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)²⁵ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes the proposed rule change to adopt definitions of conforming and nonconforming complex orders (including stock-option orders) in Rule 1.1, and to incorporate these proposed definitions into Rules 1.1 (definitions of “complex order” and “stock-option order”), 5.6(c) (definition of “complex order”); 5.30(a)(4), (b)(4), and (c)(4), 5.33(a) (definition of “complex order”), (b)(5) (definition of “stock-option order”), and (f)(A)(iv), 5.83(b), and 5.85(b)(1) and (2), will protect investors, as it incorporates into the Exchange’s Rules terminology generally used in the industry to refer to complex orders with ratios equal to and greater than 0.33, including Index Combos (conforming) and less than 0.33 [sic] and greater than 3.00 (nonconforming), and stock-option orders with ratios less than or equal to 8.00 (conforming) and greater than 8.00 (nonconforming). As discussed above, inclusion of Index Combos within the

definition of a conforming complex order is consistent with the definition of Index Combos and the rule filing to adopt Index Combos.²⁶ Therefore, the Exchange believes this proposed rule change adds transparency and reduces potential confusion within the Exchange’s Rules. These definitions ultimately make no substantive changes to the rules and relate merely to terminology. The Exchange notes these definitions are substantially similar to definitions used in at least one other options exchanges’ [sic] rulebook.²⁷

Additionally, the Exchange believes the proposed rule change to provide for the electronic processing of stock-option orders with any ratio will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to [sic] protect investors and the public interest, as it will eliminate confusion regarding what types of stock-option orders are permissible for electronic processing. As noted above, when the Exchange amended its Rules to permit the electronic processing of nonconforming complex orders, the intent of that amended was to permit the electronic processing of all nonconforming complex orders, including nonconforming stock-option orders.²⁸ The reasons set forth in the Exchange’s prior rule filing regarding expansion of electronic processing of nonconforming complex orders applies to all complex orders, including stock-option orders; the Exchange inadvertently omitted updates to certain provision regarding stock-option orders to incorporate that change.²⁹ The proposed rule change merely updates the definition of stock-option order to incorporate the same change that was made to the definition of complex order with respect to electronic processing to provide consistency and transparency in the Exchange’s Rules. As noted above, the proposed rule changes regarding execution of conforming and nonconforming stock-option orders are consistent with the Exchange’s previously adopted rules regarding

²⁶ See Securities Exchange Act Release No. 87883 (January 2, 2020), 85 FR 942, 945 (January 8, 2020) (SR-CBOE-2019-126); and Rule 5.33(b)(5) (definition of Index Combo).

²⁷ See MIA Rule 518(a)(8) and (16) (defining “conforming ratio” and “nonconforming ratio”).

²⁸ The current definition of stock-option order in Rule 1.1 applicable to open outcry trading has no ratio restriction. Therefore, current Rules do not currently restrict submission of stock-option orders for open outcry trading to conforming stock-option orders (as discussed, the Exchange proposes to add clarity regarding permissible open outcry execution prices of nonconforming stock-option orders, which are consistent with those of other nonconforming complex orders).

²⁹ See *supra* note 9.

²⁰ See Rule 5.85(b)(1) and (2).

²¹ To avoid potential confusion, the proposed rule change deletes from Rule 5.85(b)(3) that stock-option orders do not have priority over Priority Customer bids (offers) in the simple book, as proposed subparagraphs (4) and (5) more explicitly describe stock-option order priority with respect to bids and offers in the simple book.

²² See Rule 5.33, Interpretation and Policy .04.

²³ 15 U.S.C. 78f(b).

²⁴ 15 U.S.C. 78f(b)(5).

²⁵ *Id.*

execution of other conforming and nonconforming complex orders. This proposed change is also consistent with the rules of at least one other options exchange.³⁰

The proposed rule change also adds provisions in Rules 5.33(f)(2)(B) and 5.85(b) (and deletes the current provision in Rule 5.85(b)(3) describing stock-option order priority with respect to Priority Customer bids (offers) in the Book) regarding the specific permissible execution prices for conforming and nonconforming stock-option orders, consistent with the execution pricing for other conforming and nonconforming complex orders, which further adds transparency regarding the execution of these orders on the Exchange (both electronically and in open outcry). The Exchange believes the proposed rule change will add clarity, transparency, and consistency to its Rules, thus eliminating potential confusion about the permissible execution prices of conforming and nonconforming complex orders, which will ultimately remove impediments to and perfect the mechanisms of a free and open market and national market system, and in general protect investors.

The proposed rule change will permit the electronic trading of nonconforming stock-option orders but has no impact on the requirements for stock-option orders or how they may be executed. Execution of all conforming and nonconforming complex orders, including stock-option orders, will continue to protect Priority Customer interest on the Exchange. All stock-option orders (both conforming and nonconforming) must satisfy the criteria set forth in the definitions of stock-option orders in Rule 1.1 (for open outcry processing) and 5.33(b) (for electronic processing), which are described above. Additionally, all stock-option orders must comply with the Qualified Contingent Trade (“QCT”) exemption.³¹ The Exchange represents that its surveillances incorporate stock-option orders with all ratios, including nonconforming ratios.

The proposed rule change will further remove impediments to and perfect the mechanism of a free and open market and a national market system, as it is similar to the Rules of at least one other options exchange.³²

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 that is not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, as the proposed rule change applies equally to all Trading Permit Holders (“TPHs”). Therefore, any TPH may submit conforming and nonconforming stock-option orders for open outcry or electronic processing, which will all be handled by the Exchange in a uniform manner. Further, the Exchange's proposal will continue to protect Priority Customer interest on the Exchange.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, as it has no impact on the requirements for stock-option orders or how they may be executed. As discussed above, the proposed rule change merely updates certain rule provisions it inadvertently did not update in connection with a previous rule change. Additionally, the proposed rule change is consistent with the offering of at least one other options exchange.³³ The Exchange believes availability of conforming and nonconforming complex orders, including stock-option orders, may promote competition, as it provides investors with multiple venues at which to electronically execute these orders, giving investors greater flexibility and choice of where to send their orders.

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

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

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative 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 Act³⁴ and Rule 19b-4(f)(6) thereunder.³⁵

A proposed rule change filed under Rule 19b-4(f)(6)³⁶ normally does not become operative prior to 30 days after the date of the filing. However, Rule 19b-4(f)(6)(iii)³⁷ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay to allow the Exchange to make clear in its rules that nonconforming ratio stock-option orders in classes determined by the Exchange are eligible for electronic processing. The Exchange notes that another options exchange currently allows nonconforming ratio stock-option orders to trade electronically.³⁸ Accordingly, the proposal will provide investors with an additional venue for trading nonconforming ratio stock-option orders electronically. The proposal also adopts definitions of “conforming complex order” and “non-conforming complex order” and incorporates these definitions into the Exchange's rules. The ratio requirements in the proposed definitions of conforming complex order and non-conforming complex order are consistent with the requirements in defined terms used by another options exchange.³⁹ As discussed above, the Exchange states that the permissible execution prices for stock-option orders with conforming and nonconforming ratios are consistent with the permissible execution prices for conforming and nonconforming complex orders with only option components, and will continue to protect Priority Customer interest on the Exchange.

The Commission finds that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. The proposal will provide investors with an additional venue for the electronic trading of nonconforming, as well as conforming, stock-option orders. In addition, the proposal adds to the Exchange's rules

³⁴ 15 U.S.C. 78s(b)(3)(A).

³⁵ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

³⁶ 17 CFR 240.19b-4(f)(6).

³⁷ 17 CFR 240.19b-4(f)(6)(iii).

³⁸ See MIAX Rule 518(a)(5).

³⁹ See MIAX Rules 518(a)(8) and (a)(16) (defining “conforming ratio” and “non-conforming ratio,” respectively).

³⁰ See MIAX Rule 518, Interpretation and Policy .01(c).

³¹ See Rule 5.33, Interpretation and Policy .04.

³² See MIAX Rules 518(a)(5), (8), and (16) and Interpretation and Policy .01(c).

³³ See id.

definitions of conforming complex order and nonconforming complex order that are consistent with defined terms used on another options exchange.⁴⁰ The proposal incorporates the proposed definitions of conforming and nonconforming complex order into the Exchange's rules, including Exchange Rules 5.33(f)(2) and 5.85(b), and adds new Exchange Rules 5.33(f)(2)(b)(v) and 5.85(b)(4) and (5) to specifically address the permissible execution prices for stock-option orders, but makes no substantive changes to the permissible execution prices for complex order or stock-option orders.⁴¹ Accordingly, the proposal raises no new or novel regulatory issues. For these reasons, the Commission designates the proposal operative upon filing.⁴²

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 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 proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-CBOE-2023-052 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-CBOE-2023-052. This file number should be included on the

subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-CBOE-2023-052 and should be submitted on or before October 20, 2023.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴³

Sherry R. Haywood,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-636, OMB Control No. 3235-0679]

Submission for OMB Review; Comment Request; Extension: Form PF and Rule 204(b)-1

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549-2736.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") has submitted to the

Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

Rule 204(b)-1 (17 CFR 275.204(b)-1) under the Investment Advisers Act of 1940 (15 U.S.C. 80b-1 *et seq.*) implements sections 404 and 406 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") by requiring private fund advisers that have at least \$150 million in private fund assets under management to report certain information regarding the private funds they advise on Form PF. These advisers are the respondents to the collection of information.

Form PF is designed to facilitate the Financial Stability Oversight Council's ("FSOC") monitoring of systemic risk in the private fund industry and to assist FSOC in determining whether and how to deploy its regulatory tools with respect to nonbank financial companies. The Commission and the Commodity Futures Trading Commission may also use information collected on Form PF in their regulatory programs, including examinations, investigations and investor protection efforts relating to private fund advisers.

Form PF divides respondents into two broad groups, Large Private Fund Advisers and smaller private fund advisers. "Large Private Fund Advisers" are advisers with at least \$1.5 billion in assets under management attributable to hedge funds ("large hedge fund advisers"), advisers that manage "liquidity funds" and have at least \$1 billion in combined assets under management attributable to liquidity funds and registered money market funds ("large liquidity fund advisers"), and advisers with at least \$2 billion in assets under management attributable to private equity funds ("large private equity fund advisers"). All other respondents are considered smaller private fund advisers.

The Commission estimates that most filers of Form PF have already made their first filing, and so the burden hours applicable to those filers will reflect only ongoing burdens, and not start-up burdens. Accordingly, the Commission estimates the total annual reporting and recordkeeping burden of the collection of information for each respondent is as follows:

(a) For smaller private fund advisers making their first Form PF filing, an estimated amortized average annual burden of 13 hours for each of the first three years

(b) for smaller private fund advisers that already make Form PF filings, an estimated amortized average annual

⁴⁰ See MIAAX Rules 518(a)(8) and (a)(16).

⁴¹ The permissible execution prices for stock-options orders currently are addressed in Cboe Rules 5.33(f)(2)(B)(ii) and 5.85(b)(3).

⁴² For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

⁴³ 17 CFR 200.30-3(a)(12), (59).