

rule change is consistent with Section 6(b)(5).

Nasdaq also believes that any impact on competition among companies as a result of the proposed rule change is necessary in furtherance of the investor protection goals of the Act.

*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 proposed rule change will not impose any burden on competition among exchanges, since other exchanges either already have, or are able to adopt, similar rules providing them with discretion to deny initial listing. The proposed rule change may impose a burden on companies that are denied listing, but this burden is necessary to protect investors and the public interest, which is a primary purpose of the Act.

*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.

**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)(iii) of the Act<sup>16</sup> and Rule 19b-4(f)(6)<sup>17</sup> thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)<sup>18</sup> normally does not become operative prior to 30 days after the date of filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>19</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange asked that the Commission waive the 30-day operative delay so that

the proposal may become operative immediately upon filing. The Exchange states that waiver of the 30-day operative delay will immediately provide the Exchange with additional authority to exercise discretion to deny initial listing based on factors that could make the listed security susceptible to manipulation. The Exchange further states that applying this authority to any companies that may otherwise seek to list during the 30-day period could potentially minimize subsequent manipulative trading in those companies' securities. For these reasons, the Commission believes that waiver of the 30-day operative delay 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.<sup>20</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 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](mailto:rule-comments@sec.gov). Please include file number SR-NASDAQ-2025-104 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-NASDAQ-2025-104. 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

<sup>16</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>17</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 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.

<sup>18</sup> 17 CFR 240.19b-4(f)(6).

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

only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-NASDAQ-2025-104 and should be submitted on or before January 20, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>21</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-104472; File No. SR-CboeBZX-2025-163]

**Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Modify the Minimum Performance Standards Applicable to the Exchange's Lead Market Maker ('LMM') Program in BZX-Listed Exchange-Traded Product ('ETP') Securities as Provided in Footnote 14 of the Exchange's Fee Schedule and To Remove Closed-End Funds ('CEFs') From the ETP LMM Program**

December 19, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 12, 2025, Cboe BZX Exchange, Inc. ("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.

<sup>21</sup> 17 CFR 200.30-3(a)(12), (59).

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

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

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

Cboe BZX Exchange, Inc. ("BZX" or the "Exchange") is filing with the Securities and Exchange Commission ("Commission" or "SEC") a proposed rule change to modify the Minimum Performance Standards applicable to the Exchange's Lead Market Maker ("LMM") program in BZX-listed exchange-traded product ("ETP") securities as provided in footnote 14 of the Exchange's fee schedule and to remove Closed-End Funds ("CEFs") from the ETP LMM program. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Commission's website (<https://www.sec.gov/rules/sro.shtml>), the Exchange's website ([https://www.cboe.com/us/equities/regulation/rule\\_filings/bzx/](https://www.cboe.com/us/equities/regulation/rule_filings/bzx/)), and at the principal office of the Exchange.

## 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 amend its Fee Schedule applicable to its equities trading platform ("BZX Equities") to (1) modify the Minimum Performance Standards<sup>3</sup> applicable to the ETP LMM program<sup>4</sup> by changing the criteria

<sup>3</sup> As defined in Rule 11.8(e)(1)(E), the term "Minimum Performance Standards" means a set of standards applicable to an LMM that may be determined from time to time by the Exchange. Such standards will vary between LMM Securities depending on the price, liquidity, and volatility of the LMM Security in which the LMM is registered. The performance measurements will include: (A) percent of time at the NBBO; (B) percent of executions better than the NBBO; (C) average displayed size; and (D) average quoted spread.

<sup>4</sup> The ETP LMM Program was adopted in 2019 and was designed to encourage LMMs to maintain better market quality in BZX-listed securities, and, in particular, in lower volume securities where transaction-based compensation (*i.e.*, rebates) may

needed to earn the Base Rates and Enhanced Rates provided in footnote 14(B) of the fee schedule; (2) memorialize those Minimum Performance Standards in the fee schedule; and (3) remove CEFs from the ETP LMM Program. The Exchange proposes to implement these changes effective December 1, 2025.<sup>5</sup>

The Exchange first notes that its listings business operates in a highly-competitive market in which market participants, which includes issuers of securities, LMMs, and other liquidity providers, can readily transfer their listings, opt not to participate, or direct order flow to competing venues if they deem fee levels, liquidity provision incentive programs, or any other factor at a particular venue to be insufficient or excessive. The proposed rule changes reflect a competitive pricing structure designed to incentivize market participants to participate as LMMs in the Exchange's LMM Program, which the Exchange believes will enhance market quality in all securities listed on the Exchange and encourage issuers to list new products and transfer existing products to the Exchange.

The Exchange currently offers daily incentives for LMMs in ETPs and CEFs and listed on the Exchange for which the LMM meets certain "Base" or "Enhanced" Minimum Performance Standards.<sup>6</sup> Such daily incentives are determined based on the number of BZX-listed ETPs/CEFs for which the LMM meets such Minimum Performance Standards and the average auction volume across such securities. Generally speaking, the more LMM Securities<sup>7</sup> for which the LMM meets the Minimum Performance Standards and the higher the auction volume across those ETPs/CEFs, the greater the total daily incentive to the LMM.

The Exchange first proposes to eliminate CEFs from the ETP LMM Program provided under footnote 14(B) of the fee schedule. To effect this change, the Exchange proposes to remove CEFs from the definition of "Qualified ETP LMM" and adopt a new

not be sufficient. See Securities Exchange Act No. 91151 (February 10, 2021) 86 FR 11372 (February 24, 2021) (SR-CboeBZX-2021-016) (the "Original Filing").

<sup>5</sup> The Exchange initially filed the proposed fee changes on November 21, 2025 (SR-CboeBZX-2025-150), withdrew that filing on December 4, 2025, and submitted a replacement filing (SR-CboeBZX-2025-160). The Exchange withdrew SR-CboeBZX-2025-160 on December 12, 2025, and submitted this filing.

<sup>6</sup> Minimum Performance Standards generally refers to a set of standards applicable to an LMM that may be determined from time to time by the Exchange. See *e.g.*, Exchange Rule 11.8(e)(1)(E).

<sup>7</sup> The term "LMM Security" means BZX-listed securities for which a Member is an LMM.

term "Qualified CEF LMM" in the fee schedule. The Exchange proposes to define "Qualified CEF LMM" to mean an LMM in a BZX-listed CEF security that meets the LMM performance standards set forth in Rule 11.8(e)(1)(E)(ii). The Exchange proposes to modify the existing definition of "Qualified ETP LMM" to mean an LMM in a BZX-listed ETP that is registered as a market maker in good standing on the Exchange that meets the Base or Enhanced Minimum Performance Standards set forth in footnote 14(B). The Exchange also proposes to eliminate all references to CEFs in footnote 14(B) of the fee schedule. The Exchange proposes to adopt a new definition for the term "ETP Minimum Performance Standards" which would mean the "Base" or "Enhanced" standards set forth in footnote 14(B) of the fee schedule. The Exchange also proposes to modify references to Standard Rates in footnote 14(B) to Base Rates.

The Exchange also proposes to amend both the Base and Enhanced Minimum Performance Standards under which an ETP LMM would qualify for the daily incentive. The Exchange proposes no changes to the amount of the daily incentives currently provided in the fee schedule.

The Original Filing provided that the Exchange expects the Minimum Performance Standards to include the below, and before diverging significantly from those ranges, the Exchange would submit a rule filing to the Commission describing such proposed changes. Specifically, the Minimum Performance Standards included in Original Filing required:

- (i) registration as a market maker in good standing with the Exchange;
- (ii) time at the inside requirements (generally between 3% and 15% of Regular Trading Hours for Base Minimum Performance Standards and between 5% to 50% for Enhanced Minimum Performance Standards, depending on the average daily volume of the applicable LMM Security);

(iii) auction participation requirements (generally requiring that the auction price is between 3% and 5% of the last Reference Price, as defined in Rule 11.23(a)(19), for Base Minimum Performance Standards and 1%–3% for Enhanced Minimum Performance Standards);

- (iv) market-wide NBB and NBO spread and size requirements (generally requiring between 200 and 750 shares at both the NBB and NBO for both Base and Enhanced Minimum Performance Standards with an NBBO spread between 1% and 10% for Base

Minimum Performance Standards and .25% to 4% for Enhanced Minimum Performance Standards, depending on price of the ETP and underlying asset class); and

(v) depth of book requirements (generally requiring between \$25,000 and \$250,000 of displayed posted liquidity for both Base and Enhanced Minimum Performance Standards within 1% to 10% of both the NBB and NBO for Base Minimum Performance Standards and 0.25% and 5% for Enhanced Minimum Performance Standards, depending on price of the ETP and underlying asset class).

Now, the Exchange proposes to modify the Base and Enhanced

Minimum Performance Standards and memorialize those Minimum Performance Standards in the fee schedule.

First, the Exchange proposes to provide under footnote 14(B) introductory language related to a Qualified ETP LMM. Specifically, the Exchange proposes to provide that Qualified ETP LMMs that meet the Base or Enhanced Minimum Performance Standards below are entitled to the Qualified ETP LMM daily incentive. Each assigned ETP is grouped based on an asset class categorization.<sup>8</sup> An ETP LMM is considered to have met the Base and Enhanced Minimum Performance Standard for an assigned ETP for the

trading day if it meets each of the following Base or Enhanced requirements:

(1) *Time with Two-Sided Quotation:* ETP LMM must maintain both bid(s) and offer(s) at least a certain percentage of the time the security is in a trading state during Regular Trading Hours (“RTH”).<sup>9</sup> Specifically, across all six asset class categories and for Base and Enhanced Minimum Performance Standards, the ETP LMM must maintain both bid(s) and off(s) at least 98% of the time the security is in a trading state during RTH, as follows:

	US equity (%)	Single stock (%)	Outcome based (%)	Fixed income (%)	International equity (%)	Other (%)
Base .....	98	98	98	98	98	98
Enhanced .....	98	98	98	98	98	98

(2) *Time at the National Best Bid and Offer (“NBBO”):* ETP LMM must maintain both bid(s) and offer(s) at the NBBO at least a certain percentage of

the time the security is in a trading state during RTH, as summarized in the table below.<sup>10</sup> The Base and Enhanced Minimum Performance Standard is

applied based on consolidated average daily volume (“CADV”) of the ETP LMM Security.

	US equity (%)	Single stock (%)	Outcome based (%)	Fixed income (%)	International equity (%)	Other (%)
Base:						
CADV $\geq$ 500,000 .....	5	5	5	5	5	5
CADV < 500,000 .....	20	20	20	20	20	20
Enhanced:						
CADV $\geq$ 500,000 .....	15	15	15	15	15	15
CADV < 500,000 .....	60	60	60	60	60	60

As provided above, the ETP LMM must maintain bid(s) and offer(s) at the NBB or NBO, respectively, at least 5% of the time the security is in a trading state during RTH for ETP LMM Securities with a CADV equal than or greater than 500,000 shares across all six asset categories to meet the Base Minimum Performance Standard. For ETP LMM Securities with a CADV less than 500,000 shares, the ETP LMM must maintain bid(s) and offer(s) at the NBB or NBO, respectively, at least 20% of the time the security is in a trading state

during RTH for ETP LMM Securities with a CADV equal than or greater than 500,000 shares across all six asset categories to meet the Base Minimum Performance Standard.

The Enhanced Minimum Performance Standard requires the ETP LMM must maintain bid(s) and offer(s) at the NBB or NBO, respectively, at least 15% of the time the security is in a trading state during RTH for ETP LMM Securities with a CADV equal than or greater than 500,000 shares across all six asset categories. For ETP LMM Securities

with a CADV less than 500,000 shares, the ETP LMM must maintain bid(s) and offer(s) at the NBB or NBO, respectively, at least 60% of the time the security is in a trading state during RTH for ETP LMM Securities with a CADV less than 500,000 shares across all six asset categories.

(3) *Depth of Book:* ETP LMM must maintain a minimum notional value of both bid(s) and offer(s) within a certain percentage of the NBBO for at least 90%<sup>11</sup> during the time the security is in a trading state during RTH, as follows:

	US equity	Single stock	Outcome based	Fixed income	International equity	Other
Base .....	\$150,000 1%	\$150,000 2%	\$150,000 2%	\$150,000 2%	\$150,000 2%	\$150,000 2%

<sup>8</sup> The Exchange proposes six asset class categories as follows: (1) US Equity, (2) Single Stock, (3) Outcome Based, (4) Fixed Income, (5) International Equity, and (6) Other.

<sup>9</sup> See Exchange Rule 1.5(w).

<sup>10</sup> The Exchange calculates time at the NBBO by separately determining the percentage of time the LMM is at the NBB and at the NBO, then averaging those two percentages.

<sup>11</sup> To calculate the time that the LMM meets the depth of book requirement, the Exchange considers

the time during which the LMM has both bid(s) and offer(s) (i.e., a two-sided quote) posted to the Exchange that satisfy the notional value and price requirements.

	US equity	Single stock	Outcome based	Fixed income	International equity	Other
Enhanced .....	\$150,000 0.25%	\$150,000 0.50%	\$175,000 0.35%	\$175,000 0.25%	\$150,000 0.40%	\$150,000 0.50%

Based on the above, for the Base Minimum Performance Standard the ETP LMM must maintain a notional value of \$150,000 on both the bid and the offer within at least 1–2% (dependent on the asset category) of the NBB and NBO, respectively, across the six asset categories. The Enhanced

Minimum Performance Standard requires the LMM maintain a notional value ranging from \$150,000 to \$175,000 on both the bid and offer within at least 0.25–0.50% of the NBB and NBO, respectively, across the six asset categories.

(4) *Minimum Size at NBBO*: market-wide NBBO must have a minimum number of shares available at both the NBB and NBO at least 50% during the time the security is in a trading state during RTH, as follows:<sup>12</sup>

	US equity (%)	Single stock (%)	Outcome based (%)	Fixed income (%)	International equity (%)	Other (%)
Base .....	500	300	300	300	300	300
Enhanced .....	1,000	1,300	1,200	1,200	1,000	1,000

As indicated above, the Base Minimum Performance Standard requires 300 to 500 shares available at the NBB and NBO across all market centers for at least 50% of the trading day based on the asset categorization of the LMM ETP Security. The Enhanced

Minimum Performance Standard requires 1,000 to 1,300 shares available at the NBB and NBO across all market centers for at least 50% of the trading day based on the asset categorization of the LMM ETP Security.

(5) *Maximum NBBO Spread*: market-wide NBBO spread must be within a certain percentage for at least 95% during the time the security is in a trading state during RTH, as follows:

	US equity (%)	Single stock (%)	Outcome based (%)	Fixed income (%)	International equity (%)	Other (%)
Base .....	0.50	1	0.75	0.50	1	1.50
Enhanced .....	0.25	0.50	0.35	0.25	0.40	0.50

As indicated above, the Base Minimum Performance Standard requires the NBBO spread across all market centers be within 0.50–1% for at least 95% of the trading day based on the asset categorization of the LMM ETP

Security. The Enhanced Minimum Performance Standard requires the NBBO spread across all market centers be within 0.25–0.50% for at least 95% of the trading day based on the asset categorization of the LMM ETP Security.

(6) *BZX Official Opening/Closing Price Requirement*: the BZX Official Opening Price<sup>13</sup> and BZX Official Closing Price<sup>14</sup> must be within a certain percentage of the last Reference Price.<sup>15</sup>

	US equity (%)	Single stock (%)	Outcome based (%)	Fixed income (%)	International equity (%)	Other (%)
Base:						
Opening Price .....	2	2	2	2	2	2
Closing Price .....	1.50	1.50	1.50	1.50	1.50	1.50
Enhanced:						
Opening Price .....	0.50	0.50	0.50	0.50	0.50	0.50
Closing Price .....	0.25	0.25	0.25	0.25	0.25	0.25

As provided above, the Base Minimum Performance Standard requires that the BZX Official Opening Price be within 2% of the last Reference Price across all six asset categories, and the BZX Official Closing Price be within 1.50% of the last Reference Price across

all six asset categories. The Enhanced Minimum Performance Standard requires that the BZX Official Opening Price be within 0.50% of the last Reference Price across all six asset categories, and the BZX Official Closing Price be within 0.25% of the last

Reference Price across all six asset categories.

The Exchange believes the proposed amendments to the ETP LMM Program, including the removal of CEFs, memorialization of Minimum Performance Standards, and adoption of asset class-based requirements, are

<sup>12</sup> The Exchange calculates the minimum size at the NBBO by separately determining the percentage

of time the LMM is at the NBB and at the NBO, then averaging those two percentages.

<sup>13</sup> See Exchange Rule 11.23(a)(5).

<sup>14</sup> See Exchange Rule 11.23(a)(3).

<sup>15</sup> See Exchange Rule 11.23(a)(19).

consistent with the requirements of the Act for the reasons discussed below.

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>16</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>17</sup> 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)<sup>18</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers as well as Section 6(b)(4)<sup>19</sup> as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities.

The Exchange believes that the proposed changes to the ETP LMM Program are consistent with Section 6(b)(5) of the Act because they are designed to enhance market quality and liquidity in Exchange-listed securities. Specifically, the proposed rule change memorializes the Minimum Performance Standards applicable to ETP LMMs in the fee schedule, providing greater transparency and clarity to market participants regarding the obligations and expectations for LMMs participating in the program. The Exchange notes that it is appropriate to memorialize the ETP Minimum Performance Standards in the Fee Schedule rather than the rule book, as this approach is consistent with NYSE Arca's treatment of similar standards.<sup>20</sup> This transparency removes impediments to and perfects the mechanism of a free and open market by ensuring that all market participants

have clear notice of the standards that must be met to qualify for LMM incentives.

The Exchange believes that segmenting the Minimum Performance Standards into asset classes is consistent with Section 6(b)(5) of the Act and is in line with how the Exchange understands market makers to take on and quote ETP assignments. Different asset classes—including US Equity, Single Stock, Outcome Based, Fixed Income, International Equity, and Other—have distinct trading characteristics, liquidity profiles, and market dynamics that affect how market makers can effectively provide liquidity. By tailoring the performance standards to reflect these differences, the Exchange believes that aligning asset classes with respective quoting obligations will result in more correlated market making support to the tickers that fall in each asset class. This approach promotes just and equitable principles of trade by establishing performance standards that are appropriately calibrated to the unique characteristics of each asset class, which in turn enhances liquidity provision and market quality for investors trading in these securities.

The proposed asset class-based structure benefits investors and protects the public interest by ensuring that LMMs are held to standards that reflect the realities of providing liquidity in different types of ETPs. For example, Fixed Income ETPs may have different spread and depth characteristics than US Equity ETPs, and International Equity ETPs may face different pricing dynamics than Single Stock ETPs. By recognizing these differences in the Minimum Performance Standards, the Exchange creates incentives for LMMs to provide high-quality, consistent liquidity that is appropriate for each product type. This tailored approach removes impediments to and perfects the mechanism of a free and open market by encouraging market making activity that is well-suited to the specific needs of each asset class.

The Exchange also believes that removing CEFs from the ETP LMM Program and establishing a separate “Qualified CEF LMM” definition is consistent with Section 6(b)(5) of the Act. This change recognizes the distinct trading characteristics and liquidity profiles of CEFs compared to ETPs and allows the Exchange to tailor its LMM programs appropriately to each product type. By applying the LMM performance standards set forth in Rule 11.8(e)(1)(E)(ii) to CEFs, the Exchange ensures that CEF LMMs are subject to appropriate standards while focusing

the proposed ETP LMM Program standards on ETPs, where such standards are better suited to the product characteristics. This tailored approach promotes just and equitable principles of trade and protects investors by ensuring that LMM obligations are appropriately calibrated to the securities for which they are responsible.

Furthermore, the proposed rule change is consistent with Section 6(b)(5) because it operates in a competitive environment where market participants can readily choose among competing venues. The Exchange's LMM Program is designed to attract and retain LMMs by offering competitive incentives in exchange for meeting rigorous performance standards. This competitive structure ensures that the Exchange's fees and incentive programs remain fair and reasonable, as LMMs and issuers can direct their business elsewhere if they find the Exchange's terms to be insufficient or excessive. The proposed changes reflect the Exchange's efforts to balance the need for high-quality market making with appropriate incentives, which ultimately benefits all market participants and promotes the public interest.

Finally, the Exchange believes that memorializing the specific Minimum Performance Standards in the fee schedule, including the detailed requirements across different asset class categories and CADV thresholds, enhances transparency and removes impediments to a free and open market. Market participants will have clear, accessible information about the standards applicable to the ETP LMM Program, enabling them to make informed decisions about participation and allowing for more effective monitoring and compliance. This transparency is consistent with the Act's objectives of promoting just and equitable principles of trade and protecting investors.

For these reasons, the Exchange believes the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.

## 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 competition that is not necessary or appropriate in furtherance of the purposes of the Act. Rather, the

<sup>16</sup> 15 U.S.C. 78f(b).

<sup>17</sup> 15 U.S.C. 78f(b)(5).

<sup>18</sup> *Id.*

<sup>19</sup> 15 U.S.C. 78f(b)(4).

<sup>20</sup> See NYSE Arca fee schedule at section III available at [https://www.nyse.com/publicdocs/nyse/vmarkets/nyse-arca/NYSE\\_cArca\\_Marketplace\\_Fees.pdf](https://www.nyse.com/publicdocs/nyse/vmarkets/nyse-arca/NYSE_cArca_Marketplace_Fees.pdf).

Exchange believes the proposed rule change will enhance competition.

The Exchange does not believe 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. The proposed Minimum Performance Standards apply equally to all ETP LMMs that choose to participate in the ETP LMM Program. All ETP LMMs have the opportunity to qualify for the daily incentives by meeting either the Base or Enhanced Minimum Performance Standards, and the standards are transparent and objective. The Exchange notes that participation in the ETP LMM Program is voluntary, and market makers can choose whether to participate based on their assessment of whether they can meet the performance standards and whether the incentives are attractive relative to their costs.

The proposed asset class-based structure does not impose a burden on intramarket competition because it reflects the different characteristics and trading dynamics of various ETP types. Market makers specializing in different asset classes face different operational requirements and market conditions, and the tailored standards recognize these differences rather than creating competitive advantages or disadvantages. An ETP LMM's ability to meet the standards for any particular asset class depends on its operational capabilities and market making strategies, which are within the control of each market participant.

Additionally, the removal of CEFs from the ETP LMM Program does not burden intramarket competition. CEF LMMs will continue to be subject to the LMM performance standards set forth in Rule 11.8(e)(1)(E)(ii), ensuring that all CEF LMMs are treated equally. The separation of CEFs from ETPs in the LMM Program structure simply recognizes the distinct nature of these products and allows the Exchange to apply appropriate standards to each product type.

The Exchange does not believe 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. The Exchange operates in a highly competitive market in which market participants can readily direct their business to competing venues if they deem fee levels, incentive programs, or other factors at a particular venue to be insufficient or excessive. The proposed changes to the ETP LMM Program are designed to attract and retain LMMs by offering competitive incentives in

exchange for meeting performance standards that enhance market quality.

To the extent the proposed rule change makes the Exchange's LMM Program more attractive to market makers or issuers, any resulting competitive impact would be the result of the Exchange's competitive pricing and program design, which is appropriate and consistent with the Act. Other exchanges are free to adopt similar or different LMM programs and incentive structures to compete for market maker participation and issuer listings. The Exchange believes that competition among venues for LMM participation and listings benefits investors by encouraging exchanges to develop programs that promote liquidity and market quality.

Furthermore, the proposed rule change may enhance intermarket competition by encouraging other exchanges to evaluate and potentially improve their own LMM programs. This type of competitive dynamic promotes innovation and improvement in market structure, which ultimately benefits investors and the broader market ecosystem.

The Exchange also notes that the proposed Minimum Performance Standards are designed to enhance liquidity in Exchange-listed ETPs, which benefits all market participants regardless of where they choose to trade. Improved liquidity and tighter spreads resulting from the enhanced LMM Program contribute to better price discovery and more efficient markets across all trading venues, as the benefits of improved market quality are not limited to the Exchange's platform.

For these reasons, the Exchange does not believe the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

*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 Act<sup>21</sup> and paragraph (f) of Rule 19b-4<sup>22</sup> thereunder. 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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to *rule-comments@sec.gov*. Please include file number SR-CboeBZX-2025-163 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-2025-163. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-CboeBZX-2025-163 and should be submitted on or before January 20, 2026.

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

**Sherry R. Haywood,**  
*Assistant Secretary*

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<sup>21</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>22</sup> 17 CFR 240.19b-4(f).

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