

delivered), without regard to customer identity, membership status, or business model. Differences in fees reflect only differences in service requested and installed, which is a permissible and non-discriminatory basis for differentiation under the Act. The Exchange further believes that the proposed fee changes are not unfairly discriminatory because the proposed cabinet and cabinet power circuit options are available to and assessed uniformly across all market participants.

The Exchange believes that the proposed conforming and other non-substantive changes, including those to Rule General 8, Section 1, are appropriate because they align related parts of the Exchange's rulebook with the proposed changes or otherwise clarify and facilitate the application of the Exchange's rules.

Accordingly, the Exchange believes that the proposed rule change is consistent with Sections 6(b)(4) and 6(b)(5) of the Act because it provides for the equitable allocation of reasonable fees and is not designed to permit unfair discrimination.

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.

Nothing in the proposal burdens inter-market competition because approval of the proposal does not impose any burden on the ability of other exchanges to compete. The Exchange operates in a highly competitive market in which market participants can determine whether to connect to the Exchange based on the value received compared to the cost of doing so.

Nothing in the proposal burdens intra-market competition because the proposed cabinet, half cabinet, and cabinet power options are available to any customer under the same fees as any other customer, and any customer that wishes to order cabinets and cabinet power options can do so on a non-discriminatory basis.

Co-location services are optional and offered in a highly competitive environment among multiple exchanges and third-party data center providers. Market participants that do not wish to pay for co-location services under the revised pricing model may continue to access the Exchange through alternative connectivity methods or utilize competing venues.

The proposed shift from cabinet-based pricing to a per-kVA power delivery

model is designed to align fees with the actual resource delivered and infrastructure investments, rather than fixed cabinet density ranges. This change does not restrict access or favor any category of participant; all eligible users are subject to the same fees and terms based on objective criteria (committed and delivered power capacity). Accordingly, the proposal does not create any undue burden on intermarket competition, as participants can choose among multiple exchanges and service providers, nor does it impose an undue burden on intramarket competition, as all co-location customers are treated uniformly under the proposed fee structure, as described above.

To the extent the proposal may affect competition, the Exchange believes that the impact is positive because the revised pricing structure promotes cost transparency and fairness, thereby enabling customers to more easily plan for and compare infrastructure expenses, as well as tailor their connectivity selections to suit their specific business needs.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.³²

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule 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-NASDAQ-2026-005 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-2026-005. 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-NASDAQ-2026-005 and should be submitted on or before February 23, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³³

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026-01993 Filed 1-30-26; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104721; File No. SR-CBOE-2026-008]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt Rule 8.23

January 28, 2026.

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 January 20, 2026, Cboe Exchange, Inc. ("Exchange" or "Cboe Options") filed with the Securities and Exchange Commission ("Commission") the

³³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³² 15 U.S.C. 78s(b)(3)(A)(ii).

proposed rule change as described in Items I and II 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 Exchange, Inc. (the "Exchange" or "Cboe Options") proposes to codify that certain disruptive order and quote entry and trading activity is prohibited by Exchange Rules as being inconsistent with just and equitable principles of trade. 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/options/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 adopt Rule 8.23, which would codify that disruptive order and quote entry and trading activity are prohibited by the Exchange's Rules and the Securities Exchange Act of 1934, as amended (the "Act"), and the rules and regulations thereunder. As a national securities exchange registered pursuant to Section 6 of the Act, the Exchange is required to be organized and to have the capacity to enforce compliance by its members and persons associated with its members, with the Act, the rules and regulations thereunder, and the Exchange's Rules.³ Further, the Exchange's Rules are required to be "designed to prevent fraudulent and manipulative acts and practices, to

promote just and equitable principles of trade . . . and, in general, to protect investors and the public interest."⁴ In fulfilling these requirements, the Exchange has developed a comprehensive regulatory program that includes automated surveillance of trading activity. When the Exchange identifies or becomes aware of disruptive and potentially manipulative or improper order or quote entry or trading activity, the Exchange investigates the activity and may determine to commence a disciplinary action against the Trading Permit Holder(s) involved pursuant to Chapter XIII of the Rules.

Various Rules currently prohibit disruptive order and quote entry and trading activity, including:

- Rule 8.1, which prohibits TPHs from engaging in acts or practices inconsistent with just and equitable principles of trades;
- Rule 8.2, which prohibits TPHs from engaging in conduct in violation of the Act, the rules and regulations thereunder, and Exchange Rules;
- Rule 8.6, which prohibits TPHs from engaging in market manipulation, including effecting or inducing the purchase, sale, or exercise of any security for the purpose of creating or inducing a false, misleading, or artificial appearance of activity in such security or in the underlying security, or for the purpose of unduly or improperly influencing the market price of such security or of the underlying security or for the purpose of making a price that does not reflect the true state of the market in such security or in the underlying security;
- Rule 8.10, which prohibits TPHs from misusing material, nonpublic information;
- 5.32 and 5.85, which include provisions regarding the priority of order and quote bids and offers of all TPHs; and
- 5.9, which imposes order exposure requirements on TPHs.

Further Section 9(a)(1) of the Act provides in relevant part that it shall be unlawful for any member of a national securities exchange, for the purpose of creating a false or misleading appearance of active trading in any security other than a government security, or a false or misleading appearance with respect to the market for any such security, (A) to effect any transaction in such security which involves no change in the beneficial ownership thereof, or (B) to enter an order or orders for the purchase of such security with the knowledge that an

order or orders of substantially the same size, at substantially the same time, and at substantially the same price, for the sale of any such security, has been or will be entered by or for the same or different parties, or (C) to enter any order or orders for the sale of any such security with the knowledge that an order or orders of substantially the same size, at substantially the same time, and at substantially the same price, for the purchase of such security, has been or will be entered by or for the same or different parties.⁵ Finally, among other things, the activity could also result in a violation of Rule 10b-5 under the Act (which prohibits any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of any security).⁶

Ultimately, TPHs (on their own behalf or on behalf of customers) should be submitting all orders and quotes at any time for the purpose of executing bona fide transactions or in good faith for legitimate purposes. The Exchange has identified various activities that may comprise disruptive order and quote entry or trading activity in violation of its Rules. As order or quote entry or trading activity not done for the purpose of executing bona fide transactions or is done for illegitimate purposes, and thus prohibited by the Act or Exchange Rules (as set forth above), can take many forms, the Exchange has issued guidance through Regulatory Circulars to identify examples of when such behavior is disruptive and thus prohibited by the Act or Exchange Rules (as set forth above).⁷ While it is the case that various Rules and the Act currently prohibit disruptive order and quote entry and trading activity, and other manipulative trading activity, the Exchange proposes to define more specifically and to codify in its Rules

³ 15 U.S.C. 78i(a)(1).

⁶ 17 CFR 240.10b-5.

⁷ See, e.g., Cboe Regulatory Circular 22-014 (September 26, 2022), available at RC22-014 Prearranged Trading and Signaling of Imminent Orders ([cboe.com](https://www.cboe.com)); and Cboe Regulatory Circular 22-008 (March 18, 2022), available at RC22-008 Quote and Order Messaging—Prohibited Activity ([cboe.com](https://www.cboe.com)). Other exchanges have similarly issued notices to their members to specify certain behavior that is deemed to be considered violations of those exchanges' rules that (like Exchange Rule 8.1) prohibit acts or practices inconsistent with just and equitable principles of trading. See, e.g., MIAx Options Exchange Regulatory Circular 2022-09, MIAx Pearl Options Exchange Regulatory Circular 2022-09, MIAx Emerald Options Exchange Regulatory Circular 2022-09, available at MIAx_Options_RC_2022_09.pdf ([miaxglobal.com](https://www.miaxglobal.com)); and BOX Exchange Regulatory Circular RC-2022-004 (March 10, 2022), available at RC-2022-04-Invalid-and-Incomplete-Message-Transmissions.pdf ([boxoptions.com](https://www.boxoptions.com)).

³ 15 U.S.C. 73f(b)(1).

⁴ 15 U.S.C. 78f(b)(5).

what constitutes prohibited activity.⁸ The Exchange believes it would be beneficial to describe and specify in the Rules what constitutes prohibited order and quote entry and trading activity to provide TPHs with additional context for situations in which the Exchange may take disciplinary action against them for certain activity as being for illegitimate and non-bona fide purposes. The Exchange believes this may help TPHs avoid engaging in such activities or allowing their clients to engage in such activities, which may thus reduce manipulative and disruptive activity on the Exchange.

Specifically, proposed Rule 8.23(a) states that TPHs, on their own behalf or on behalf of customers, must submit all orders and quotes at any time for the purpose of executing bona fide transactions or in good faith for legitimate purposes. Non-bona fide or nonlegitimate purposes include, but are not limited to:

(1) entering an order or quote with the intent, at the time of entry, to cancel the order or quote before execution or to modify the order or quote to avoid execution;

(2) entering or causing to be entered an actionable or nonactionable message(s) with intent to mislead other market participants;

(3) entering into a transaction or series of transactions, coupled with an agreement, arrangement, or understanding, directly or indirectly to reverse such transaction(s), which is not done for a legitimate economic purpose or is done without subjecting the transaction to market risk;

(4) entering orders or quotes to signal the arrival of an order or otherwise to coordinate order flow with another market participant;

(5) entering or using IOC orders or quotes for purposes other than to remove resting interest in the Book or the excessive use of IOC orders or quotes;

(6) entering or causing to be entered an actionable or nonactionable message(s) with intent to overload or delay the systems of the Exchange or other market participants, including dividing an order or quote into multiple messages;

(7) intentionally or recklessly submitting or causing to be submitted an actionable or nonactionable message(s) that has the potential to disrupt the systems of the Exchange or other market participants;

(8) entering or causing to be entered an actionable or nonactionable message(s) with intent to disrupt, or with reckless disregard for the adverse impact on, the orderly conduct of trading or the fair execution of transactions;

(9) engaging in a pattern and practice of submitting nonactionable messages for the purpose of seeking to reduce latency;

(10) submitting intentionally incomplete, corrupted, or malformed data; and

(11) engaging in a pattern and practice of preventing any message from reaching an Exchange gateway application and being successfully processed.

The activity identified in proposed Rule 8.23(a) as illegitimate or for non-bona fide purposes is currently prohibited by Exchange Rules.⁹ The Exchange believes proposed Rule 8.23(a) will provide TPHs with clear descriptions of examples of disruptive order and quoting entry and trading activity, which will help them avoid engaging in such activities or allowing their clients to engage in such activities. Proposed Rule 8.23(a) is not meant to define all permutations of prohibited disruptive quote and order entry and trading activity; however, the Exchange believes it is important to provide TPHs with specific details regarding prohibited behavior and that these examples are consistent with activity the Exchange has previously identified as being disruptive and violations of its Rules.¹⁰

Proposed Rule 8.23(b) describes various factors the Exchange may consider when assessing whether conduct constitutes disruptive or manipulative activity and thus violates proposed Rule 8.23, which factors include, but are not limited to:

(1) whether the market participant's intent was to induce others to trade when they otherwise would not;

(2) whether the market participant's intent was to affect a price rather than to change the market participant's position;

(3) whether the market participant's intent was to create misleading market conditions;

(4) the size, number, frequency, and duration of exposure of the market participant's actionable or nonactionable messages, as applicable;

(5) the market participant's current and historical order and quote entry and trading activity on the Exchange and in related markets;

(6) the impact on other market participants, including others' orders and quotes, and market prices;

(7) the impact on Exchange systems including the certification environment;

(8) whether a market participant enters or cancels orders or quotes during the Queuing Period or Opening Rotation (each as described in Rule 5.31(a)), or complex orders or quotes prior to or during the Complex Order Book ("COB") Opening Process (as described in Rule 5.33(c)), for the purpose of either manipulating the expected opening price or attempting to identify the order depth in the Book or COB, as applicable, at different price levels;

(9) general market conditions; and

(10) industry standards and best practices, including those related to automated trading systems.

The Exchange believes these factors are consistent with the prohibited activity described in proposed paragraph (a) that, when considered in context, supports whether there was requisite intent for the market participant's conduct, for example, to induce another market participant to engage in market activity. For example, the volume and frequency of a specific activity and the resulting impact on Exchange systems can support a finding of intent to impact latency. However, high market volatility may cause market participants to modify their behavior for legitimate purposes.¹¹

Proposed Rule 8.23(c) provides that, absent other factors or circumstances, the following activities do not constitute a violation of Rule 8.23:

(1) modification or cancellation of an order or quote initially entered with the intent to execute a bona fide transaction in response to market changes;

(2) unintentional or accidental submission of an order or quote;

(3) making a two-sided market with unequal quantities;

(4) submission of orders or quotes during the Queuing Period or Opening Rotation (each as described in Rule 5.31(a)), or complex orders or quotes prior to or during the COB Opening Process (as described in Rule 5.33(c)), for the purpose of executing bona fide transactions upon the opening of the market;

(5) entering orders or quotes at various price levels throughout the Book or COB, as applicable, to gain priority position and subsequently canceling those orders or quotes in response to market changes; and

(6) submitting orders, quotes, and messages in test products for legitimate testing purposes.

Just as the Exchange believes it is beneficial to identify as many types of specific activity that are prohibited by the Rules, the Exchange believes it is equally beneficial to identify for TPHs as many types of activity that do not on their face (absent other factors or circumstances) constitute illegitimate or non bona fide quoting or trading activity. The Exchange views the activities described in proposed paragraph (c) as ones that are for legitimate purposes. For example, there are many circumstances in which it is a bona fide activity to modify or cancel

⁹ See, e.g., Rules 8.1 and 8.6.

¹⁰ See, e.g., Cboe Regulatory Circular 22-014 (September 26, 2022), available at RC22-014 Prearranged Trading and Signaling of Imminent Orders ([cboe.com](https://www.cboe.com)); and Cboe Regulatory Circular 22-008 (March 18, 2022), available at RC22-008 Quote and Order Messaging—Prohibited Activity ([cboe.com](https://www.cboe.com)).

⁸ The Exchange notes this list is not exhaustive, as activity not specified may still be deemed disruptive and thus prohibited by the Act or Exchange Rules, including those set forth above.

¹¹ This does not mean that all activity during periods of high market volatility is legitimate; rather, the Exchange, when reviewing a market participant's activity, will consider whether volatility may have caused the market participant to engage in such activity to address those market conditions rather than to engage in disruptive activity.

an order, including to respond to changes in the market or increased volatility. Additionally, while the Exchange believes market participants take steps to minimize erroneous submission of orders, the Exchange understands such errors (including those caused by system disruptions) occur and do not believe bona fide erroneous activity rises to the level of illegitimate actors. Further, the Exchange provides a testing environment in the System so TPHs, for example, can verify a connection to the System before entering into the production (*i.e.*, live) environment. The Exchange notes the activities listed in proposed paragraph (c), combined with other facts and circumstances, may rise to the level of prohibited activity under proposed paragraph (a); however, on their face, the activities listed in proposed paragraph (c) are not prohibited by the proposed rule. The Exchange believes this may eliminate potential confusion regarding whether certain activity is permissible under Exchange Rules.

Finally, the Exchange proposes to adopt the following interpretations and policies to proposed Rule 8.23 to provide TPHs with additional information to assist them when determining whether certain activity is disruptive and thus prohibited by Rule 8.23. Specifically:

.01 Execution (full or partial) of an order or quote does not automatically cause the order or quote to be considered compliant with the Rule but rather is one factor the Exchange may consider.

.02 For purposes of this Rule, actionable messages are messages that can be accepted by the Exchange or another party or lead to the execution of a trade or cancellation of an order or quote, including order messages and bulk messages. Nonactionable messages are those messages submitted to the Exchange that relate to a nonactionable event, including, but are not limited to: (a) heartbeat messages transmitted to the System; (b) the entry of orders, quotes, or other messages in test products other than solely for legitimate testing purposes; and (c) messages that are incomplete, partial, corrupt, or otherwise unable to be processed by the Exchange.

.03 The Exchange evaluates whether a market participant intended to disrupt the orderly conduct of trading or the fair execution of transactions or demonstrated a reckless disregard for the orderly conduct of trading or the fair execution of transactions only in the context of the specific instrument, market conditions, and other circumstances present at the time in question. Some factors the Exchange may consider when determining whether there was orderly conduct or the fair execution of transactions include, but are not limited to: (a) a rational relationship between consecutive prices; (b) a strong correlation between price changes

and the volume of trades; (c) levels of volatility that do not dramatically reduce liquidity; (d) accurate relationships between the price of a derivative and the underlying financial instrument; (e) reasonable spreads between contracts for near months and for remote months; and (f) the impact to other market participants' ability to trade, engage in price discovery or manage risk. Volatility alone is not presumptively interpreted as disorderly or disruptive, as market volatility can be consistent with markets performing their price discovery function.

.04 Proof of intent is not limited to instances in which a market participant admits the market participant's state of mind. If conduct more likely than not was intended to produce a prohibited disruptive consequence or was reckless, intent may be found. Claims of ignorance, or lack of knowledge, are not acceptable defenses to intentional or reckless conduct. The Exchange generally will find requisite intent if the purpose of the market participant's conduct was, for example, to induce another market participant to engage in market activity.

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.¹² Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹³ 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. The Exchange also believes the proposed rule change is consistent with the Section 6(b)(5)¹⁴ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. Further, the Exchange believes the proposed rule change is consistent with Section 6(b)(1) of the Act,¹⁵ which provides that the Exchange be organized and have the capacity to be able to carry out the purposes of the Act. The Exchange's Rules are required to be "designed to prevent fraudulent and manipulative acts and practices, to

promote just and equitable principles of trade . . . and, in general, to protect investors and the public interest."¹⁶

In particular, the Exchange believes the proposed rule change is designed to prevent fraudulent and manipulative acts and practices and to promote just and equitable principles of trade, as it provides TPHs with additional guidance regarding what conduct constitutes specified prohibited fraudulent and manipulative acts and practices and activity that is inconsistent with just and equitable principles of trade. As noted above, various Rules and the Act currently prohibit disruptive order and quote entry and trading activity, manipulative trading activity, and conduct that is inconsistent with just and equitable principles of trade. While it is not possible to identify all behavior that is disruptive or manipulative, the Exchange believes it is beneficial to specify as much behavior as practicable that is disruptive or manipulative. The Exchange believes the proposed rule change provides TPHs with additional context for situations in which the Exchange may take disciplinary action against them for certain activity as being disruptive, and thus manipulative or unjust. The Exchange believes there is no legitimate purpose for the prohibited activities set forth in proposed paragraph (a), as they generally intend to manipulate market prices, evade exposure and on-Exchange competition, or disrupt the Exchange System. Such activity is disruptive to the market and other investors and may result in market manipulation to the detriment of the market and investors, which activity the Exchange Act requires our rules to be designed to prevent.¹⁷

The Exchange's determination whether certain activity is disruptive or manipulative is generally based on facts and circumstances. Therefore, the Exchange believes setting forth not only what constitutes prohibited activity but also factors the Exchange considers when determining whether activity is prohibited will ultimately benefit investors by providing them with further clarity regarding activity that is and is not permissible. The Exchange believes this may help TPHs avoid engaging in such activities or allowing their clients to engage in such activities, which may thus reduce manipulative and disruptive activity on the Exchange and ultimately protect investors and the public interest. Similarly, the Exchange believes including examples of activity that (in the absence of other facts and circumstances) is not prohibited under

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(5).

¹⁴ *Id.*

¹⁵ 15 U.S.C. 78f(b)(1).

¹⁶ 15 U.S.C. 78f(b)(5).

¹⁷ 15 U.S.C. 78f(b)(5).

proposed Rule 8.23 will similarly provide further clarity to investors regarding what activity they may and may not engage in on the Exchange.

The Exchange also believes the proposed rule change is consistent with Section 9(a)(1) of the Act, which provides in relevant part that it shall be unlawful for any member of a national securities exchange, for the purpose of creating a false or misleading appearance of active trading in any security other than a government security, or a false or misleading appearance with respect to the market for any such security, (A) to effect any transaction in such security which involves no change in the beneficial ownership thereof, or (B) to enter an order or orders for the purchase of such security with the knowledge that an order or orders of substantially the same size, at substantially the same time, and at substantially the same price, for the sale of any such security, has been or will be entered by or for the same or different parties, or (C) to enter any order or orders for the sale of any such security with the knowledge that an order or orders of substantially the same size, at substantially the same time, and at substantially the same price, for the purchase of such security, has been or will be entered by or for the same or different parties.¹⁸ Finally, among other things, the activity could also result in a violation of Rule 10b–5 under the Act (which prohibits any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of any security).¹⁹ The Exchange believes the proposed prohibited activity and factors the Exchange may consider when determining whether certain conduct constitutes such prohibited activity is consistent with these requirements under the Act. For example, identifying activity set forth in proposed subparagraphs (a)(3) and (4) (as well as the factor listed in proposed subparagraph (b)(6)) may support an Exchange finding that a market participant's entry of an order to purchase an option with the knowledge that another order selling that option will be entered by or for the same or different parties, as prohibited by Section 9(a)(1) under the Act. Additionally, the existence of activities as set forth in proposed subparagraphs (a)(2), (7), and (8) (coupled with factors listed in proposed subparagraphs (b)(1) through (3)) may support an Exchange finding that a market participant's

activity was intended to deceive other market participants, as prohibited by Rule 10b–5 under the Act.

If the Exchange believes a TPH has violated proposed Rule 8.23, such alleged violation will be pursued in accordance with the Exchange's disciplinary process as set forth in Chapter XIII of the Rules (as required by Section 6(b)(1) of the Act, which requires the Exchange to be organized and have the capacity to enforce compliance by the Exchange's TPHs and persons associated with its TPHs with the Act, the rules and regulations thereunder, and the rules of the Exchange, and Section 6(b)(7) of the Act, which requires that the rules of an exchange "provide a fair procedure for the disciplining of members and persons associated with persons... and the prohibition or limitation by the exchange of any person with respect to access to services offered by the exchange or a member thereof").²⁰

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, because it will apply in the same manner to all TPHs. 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, because the prohibition of disruptive quoting and order entry and trading activity will benefit the market as whole. As noted above, the Exchange and other exchanges have issued guidance that specifies certain behavior that is deemed to be considered violations of those exchanges' rules that (like Exchange Rule 8.1) prohibit acts or practices inconsistent with just and equitable principles of trading.²¹

²⁰ 15 U.S.C. 78f(b)(1) and (7).

²¹ See, e.g., Cboe Regulatory Circular 22–014 (September 26, 2022), available at RC22–014 Prearranged Trading and Signaling of Imminent Orders ([cboe.com](https://www.cboe.com)); and Cboe Regulatory Circular 22–008 (March 18, 2022), available at RC22–008 Quote and Order Messaging—Prohibited Activity ([cboe.com](https://www.cboe.com)); see also, e.g., MIAx Options Exchange Regulatory Circular 2022–09, MIAx Pearl Options Exchange Regulatory Circular 2022–09, MIAx Emerald Options Exchange Regulatory Circular 2022–09, available at MIAx Options RC 2022_09.pdf (mioxglobal.com); and BOX Exchange Regulatory Circular RC-2022-004 (March 10, 2022),

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 written comments on the proposed rule change.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)²² of the Act and Rule 19b–4(f)(6)²³ thereunder. 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 prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act²⁴ and Rule 19b–4(f)(6) thereunder.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 under Section 19(b)(2)(B)²⁶ of the Act 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:

available at RC–2022–04-Invalid-and-Incomplete-Message-Transmissions.pdf ([boxoptions.com](https://www.cboe.com)).

²² 15 U.S.C. 78s(b)(3)(A).

²³ 17 CFR 240.19b–4(f)(6).

²⁴ 15 U.S.C. 78s(b)(3)(A)(iii).

²⁵ 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.

²⁶ 15 U.S.C. 78s(b)(2)(B).

¹⁸ 15 U.S.C. 78i(a)(1).

¹⁹ 17 CFR 240.10b–5.

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-2026-008 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-2026-008. 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-CBOE-2026-008 and should be submitted on or before February 23, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁷

Sherry R. Haywood,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104705; File No. SR-CboeEDGX-2025-035]

Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Order Granting Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Amend Exchange Rule 11.21 To Allow a Retail Member Organization To Enter a Retail Order Onto the Exchange in a Principal Capacity

January 28, 2026.

I. Introduction

On May 21, 2025, Cboe EDGX Exchange, Inc. ("Exchange") filed with the Securities and Exchange

Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to (i) amend Exchange Rule 11.21(a)(2) to allow a Retail Member Organization ("RMO") to enter a Retail Order onto the Exchange in a principal capacity, provided certain conditions are satisfied.³ On July 25, 2025, pursuant to Section 19(b)(2) of the Act,⁴ the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.⁵ On September 4, 2025, the Exchange submitted Amendment No. 1 to the proposed rule change, which amended and superseded the proposed rule change in its entirety.⁶ On September 5, 2025, the Commission published notice of Amendment No. 1 and instituted proceedings under Section 19(b)(2)(B) of the Act⁷ to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 1.⁸ On December 3, 2025, the Commission designated February 5, 2026 as the date by which the Commission shall either approve or disapprove the proposed rule change.⁹ The Commission has not received any comments on the proposal. As discussed further below, this order approves the proposed rule change, as modified by Amendment No. 1.

II. Description of the Proposal

The Exchange proposes to (i) amend Exchange Rule 11.21(a)(2) to allow an RMO to enter a Retail Order onto the Exchange in a principal capacity,

provided the requirements of proposed Exchange Rule 11.21(g) are satisfied; (ii) codify in proposed new Exchange Rule 11.21(g) additional requirements an RMO must comply with in order to enter Retail Orders as principal; and (iii) amend Exchange Rule 11.21(b)(6) to require that RMOs have in place policies and procedures reasonably designed to ensure compliance with proposed Exchange Rule 11.21(g), as well as to ensure that the RMO can, upon request by the Exchange, produce documentation evidencing compliance with the requirements of Exchange Rule 11.21(g).

A. Modifications to Exchange Rule 11.21(a)(2) In Order To Permit RMOs To Enter Retail Orders in a Principal Capacity

Currently, RMOs are only able to submit Retail Orders to the Exchange in an agency or riskless principal capacity.¹⁰ Specifically, a Retail Order is defined as: "an agency or riskless principal order that meets the criteria of FINRA Rule 5320.03 that originates from a natural person and is submitted to the Exchange by a Retail Member Organization, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology."¹¹ The Exchange states it has received feedback from certain RMOs that the ability to handle Retail Orders in a principal capacity will enable them to provide their retail customers with post-execution price improvement that is in addition to any price improvement received on the Exchange.¹² The Exchange states that "RMOs may choose to execute in this manner to satisfy certain execution quality and price improvement benchmarks RMOs have applied to their underlying retail order(s), as well as to simply provide

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 103182 (June 4, 2025), 90 FR 24476 (June 10, 2025). A "Retail Member Organization" or "RMO" is a Member (or a division thereof) that has been approved by the Exchange under Rule 11.21 to submit Retail Orders. See Exchange Rule 11.21(a)(1). "Member" is defined in Exchange Rule 1.5(n). As described herein, "Retail Order" is defined in Exchange Rule 11.21(a)(2).

⁴ 15 U.S.C. 78s(b)(2).

⁵ See Securities Exchange Act Release No. 103546 (July 25, 2025), 90 FR 35954 (July 30, 2025) (designating September 8, 2025 as the date by which the Commission shall either approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change).

⁶ The full text of Amendment No. 1 is available on the Commission's website at <https://www.sec.gov/comments/sr-cboeedx-2025-035/sr-cboeedx2025035-648447-1943494.pdf>.

⁷ 15 U.S.C. 78s(b)(2)(B).

⁸ See Securities Exchange Act Release No. 103878 (Sept. 5, 2025), 90 FR 43668 (Sept. 10, 2025) ("Notice and OIP").

⁹ See Securities Exchange Act Release No. 104302 (Dec. 3, 2025), 90 FR 56806 (Dec. 8, 2025).

¹⁰ See Exchange Rule 11.21(a)(2). The Exchange states that it offers (i) retail-only pricing incentives for low cost remove fees and premium rebates, (ii) discounts for RMOs on port fees and market data and (iii) retail tiers that give growing retail firms additional rebates. See Notice and OIP at 43670; Cboe U.S. Equities Fee Schedules, EDGX Equities, <https://www.cboe.com/us/equities/membership/fee-schedule/edx/>. The Exchange also states that it offers RMOs the ability to participate in the Exchange's "Retail Priority program," pursuant to which the displayed portion of an individual customer's Retail Priority Order will post at the front of the order queue for same-priced orders submitted on EDGX. *Id.* Pursuant to Exchange Rule 11.9, Interpretations and Policies .01 a "Retail Priority Order" is a Retail Order that is entered on behalf of a person that does not place more than 390 equity orders per day on average during a calendar month for its own beneficial account(s).

¹¹ See Exchange Rule 11.21(a)(2).

¹² See Notice and OIP at 43669.

²⁷ 17 CFR 200.30-3(a)(12).