Cboe Exchange, Inc.

Rules of Cboe Exchange, Inc.

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CHAPTER 1. GENERAL PROVISIONS

SECTION A. DEFINITIONS

Rule 1.1. Definitions

When used in the Rules, unless the context otherwise requires:

ABBO

The term "ABBO" means the best bid(s) or offer(s) disseminated by other Eligible Exchanges (as defined in Rule 5.65) and calculated by the Exchange based on market information the Exchange receives from OPRA.

Adjusted Option Series

The term "adjusted option series" means a series in which, as a result of a corporate action by the issuer of the underlying security, one option contract in the series represents the delivery of other than 100 shares of the underlying security.

Affiliate and Affiliated with

The terms "affiliate" of and a person "affiliated with" another person mean a person who, directly or indirectly, controls, is controlled by, or is under common control with, such other person.

Aggregate Exercise Price

The term "aggregate exercise price" means the exercise price of an option contract multiplied by (a) for equity options, the number of units of the underlying security or (b) for index options, the index multiplier for the underlying index covered by the option contract.

All Sessions Class

The term "All Sessions class" means an options class the Exchange lists for trading during both GTH and RTH.

American-Style Option

The term "American-style option" means an option contract that, subject to the provisions of Rule 6.20 and to the Rules of the Clearing Corporation, may be exercised on any business day prior to and on its expiration date.

Application Programming Interface and API

The terms "Application Programming Interface" and "API" mean the computer interface that allows Users to interface electronically with the Exchange.

Associated Person and Person Associated with a Trading Permit Holder

The terms "associated person" and "person associated with a Trading Permit Holder" mean any partner, officer, director, or branch manager of a Trading Permit Holder (or any person occupying a similar status or performing similar functions), any person directly or indirectly controlling, controlled by, or under common control with a Trading Permit Holder, or any employee of a Trading Permit Holder.

BBO

The term "BBO" means the best bid or offer disseminated on the Exchange.

Bid

The term "bid" means the price of a limit order or quote to buy one or more options contracts.

Board

The term "Board" means the Board of Directors of the Exchange.

Book and Simple Book

The terms "Book" and "Simple Book" mean the electronic book of simple orders and quotes maintained by the System, which single book is used during both the RTH and GTH trading sessions.

Broker-Dealer

The term "broker-dealer" means a Trading Permit Holder, a non-Trading Permit Holder broker or dealer in securities (including a foreign broker-dealer), or a joint venture with a Trading Permit Holder and non-Trading Permit Holder participants.

Broker-Dealer Order

The term "broker-dealer order" means an order for an account in which a broker-dealer or a Professional has an interest.

Bulk Message

The term "bulk message" means a single electronic message a User submits with an M Capacity to the Exchange in which the User may enter, modify, or cancel up to an Exchange-specified number of bids and offers. A User may submit a bulk message through a bulk port as set forth in Rule 5.6(c)(3). The System handles a bulk message bid or offer in the same manner as it handles an order or quote, unless the Rules specify otherwise.

Business Day and Trading Day

The terms "business day" and "trading day" mean a day on which the Exchange is open for trading during Regular Trading Hours. A business day or trading day includes both trading sessions on that day. If the Exchange is not open for Regular Trading Hours on a day, then it will not be open for Global Trading Hours on that day.

Bylaws

The term "Bylaws" means the Bylaws of the Exchange, as amended from time to time.

Call

The term "call" means an option contract under which the holder of the option has the right, in accordance with the terms of the option and the Rules of the Clearing Corporation, to purchase from the Clearing Corporation (a) for equity options, the number of units of the underlying security covered by the option contract, at a price per unit equal to the exercise price, or (b) for index options, the current index value times the index multiplier upon the timely exercise of the option.

Capacity

The term "Capacity" means the capacity in which a User submits an order, which the User specifies by applying the corresponding code to the order, and includes:

Code	Capacity Type
B	For the account of a broker or dealer, including a Foreign Broker-Dealer
C	For the account of a Public Customer
F	For an OCC clearing member firm proprietary account
J	For a joint back office account
L	For the account of a non-Trading Permit Holder affiliate
M	For the account of a Market-Maker
N	For the account of a market-maker on another options exchange
U	For the account of a Professional

Capped-Style Option

The term "capped-style option" means an option contract that is automatically exercised when (a) for equity options, the cap price is reached or (b) for index options, the cap price is less (greater) than or

equals the closing index value for calls (puts). If this does not occur prior to expiration, it may be exercised, subject to the provisions of Rule 11.1 and to the Rules of the Clearing Corporation, only on its expiration date. CAPS™ refers to capped- style options traded on the Exchange.

Cboe Trading

The term "Cboe Trading" means Cboe Trading, Inc.

Class

The term "class" means all option contracts with the same unit of trading covering the same underlying security or index.

Clearing Corporation and OCC

The terms "Clearing Corporation" and "OCC" mean The Options Clearing Corporation.

Clearing Trading Permit Holder

The term "Clearing Trading Permit Holder" means a Trading Permit Holder that has been admitted to membership in the Clearing Corporation pursuant to the provisions of the Rules of the Clearing Corporation and is self-clearing or that clears transactions for other Trading Permit Holders.

Closing Purchase Transaction

The term "closing purchase transaction" means an Exchange transaction that reduces or eliminates a short position in an option contract.

Closing Writing Transaction

The term "closing writing transaction" means an Exchange transaction that reduces or eliminates a long position in an option contract.

Complex Order

The term "complex order" means an order involving the concurrent execution of two or more different series in the same class (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. Unless the context otherwise requires, the term complex order includes stock-option orders and security future-option orders. For purposes of Rules 5.33 and 5.85(b)(1), the term "complex order" means a complex order with any ratio equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00), an Index Combo order, a stock-option order, or a security future-option order. 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.

Control

The term "control" means the power to exercise a controlling influence over the management or policies of a person, unless that power is solely the result of an official position with the person. Any person who owns beneficially, directly or indirectly, more than 20% of the voting power in the election of directors of a corporation, or more than 25% of the voting power in the election of directors of any other corporation that directly or through one or more affiliates owns beneficially more than 25% of the voting power in the election of directors of the corporation, is presumed to control the corporation.

Covered

The term "covered" in respect of a short position in a call option contract means that the writer's obligation is secured by a "specific deposit" or an "escrow deposit" meeting the conditions of Rule 610(f) or 610(h), respectively, of the Rules of the Clearing Corporation, or the writer holds in the same account as the short position, on a share-for-share basis, a long position either in the underlying security or in an option contract of the same class of options where the exercise price of the option contract in such long position is equal to or less than the exercise price of the option contract in such short position. The term "covered" in respect of a short position in a put option contract means that the writer holds in the same account as the short position, on a share-for-share basis, a long position in an option contract of the same class of options where the exercise price of the option contract in such long position is equal to or greater than the exercise price of the option contract in such short position.

Customer

The term "customer" means a Public Customer or a broker-dealer.

Customer Order

The term "customer order" means an agency order for the account of a customer.

DEA

The term "DEA" means designated examining authority.

Designated Primary Market-Maker and DPM

The terms "Designated Primary Market-Maker" and "DPM" mean a TPH organization that is approved by the Exchange to function in appointed securities as a Market-Maker and is subject to the obligations under Rule 5.54 or as otherwise provided under the Rules. A DPM generally will operate on the Exchange's trading floor ("On-Floor DPM"). However, as provided in Rule 5.53, a DPM can request that the Exchange authorize the DPM to function remotely away from the Exchange's trading floor ("Off-Floor DPM") on a class-by-class basis. Unless otherwise specified, references to DPM in the Rules include both "On-Floor DPM" and "Off-Floor DPM." The Exchange makes determinations concerning whether to grant or withdraw the approval to act as a

DPM in accordance with Rule 3.54. The Exchange appoints securities to DPMs in accordance with Rule 5.50.

Discretion

The term "discretion" means the authority of a broker or dealer to determine for a Customer the type of option, class or series of options, the number of contracts, or whether options are to be bought or sold.

DPM Designee

The term "DPM Designee" has the meaning set forth in Rule 3.54.

EFID

The term "EFID" means an Executing Firm ID.

Equity Option

The term "equity option" means an option on an equity security (including Units (or ETFs) and Index-Linked Securities (or ETNs)).

European-Style Option

The term "European-style option" means an option contract that, subject to the provisions of Rule 6.20 and to the Rules of the Clearing Corporation, may be exercised only on its expiration date.

Exchange or Cboe Options

The terms "Exchange" or "Cboe Options" mean Cboe Exchange, Inc.

Exchange Act

The term "Exchange Act" means the Securities Exchange Act of 1934, as amended, and Rules and Regulations thereunder.

Executive Officer

The term "executive officer" of a TPH organization means the chairman of the board, president, executive vice president, any other vice president engaged in the management of the TPH organization's business pertaining to options, treasurer, secretary, or any other person who performs for a TPH organization functions corresponding to those performed by the foregoing officers.

Exercise Price

The term "exercise price" means the specified price per unit at which (a) for equity options, the underlying security or (b) for index options, the current index value may be purchased or sold upon the exercise of an option contract.

Expiration Date

Unless separately defined elsewhere in the Rules, the term "expiration date" means the third Friday of the expiration month of an option contract, or if t Friday is a day on which the exchange on which such option is listed is not open for business, the preceding day on which such exchange is open for business.

Federal Reserve Board

The term "Federal Reserve Board" means the Board of Governors of the Federal Reserve System.

FINRA

The term "FINRA" means the Financial Industry Regulatory Authority, Inc.

FLEX Option

The term "FLEX Option" means a flexible exchange option. A FLEX Option on an equity security may be referred to as a "FLEX Equity Option," and a FLEX Option on an index may be referred to as a "FLEX Index Option."

Floor Broker

The term "Floor Broker" has the meaning set forth in Rule 3.50.

Floor Official

The term "Floor Official" means an individual appointed by the Exchange who is granted certain duties and authorities under the Rules with respect to trading issues and market actions.

Foreign Broker-Dealer

The term "foreign broker-dealer" means any person or entity that is registered, authorized, or licensed by a foreign governmental agency or foreign regulatory organization (or is required to be so registered, authorized, or licensed) to perform the function of a broker or dealer in securities, or both. For the purposes of this definition, the terms "broker" and "dealer" have the same meaning as provided in Section 3(a)(4) and 3(a)(5) of the Exchange Act, except that a "broker" or "dealer" may be a bank.

Global Trading Hours and GTH

The terms "Global Trading Hours" and "GTH" mean the trading session consisting of the hours outside of Regular Trading Hours during which transactions in options may be effected on the Exchange and are set forth in Rule 5.1.

Good Standing

The term "good standing" means that a Trading Permit Holder or associated person is not delinquent respecting Exchange fees or other charges and is not suspended or barred from being a Trading Permit Holder or from being associated with a Trading Permit Holder.

He, Him, and His

The terms "he," "him," and "his" will be deemed to refer to persons of female as well as male gender, and to include organizations, as well as individuals, when the context so requires.

In-Crowd Market Participant and ICMP

The terms "in-crowd market participant" and "ICMP" mean an in-crowd Market-Maker, an on-floor DPM or LMM with an allocation in a class, or a Floor Broker or PAR Official representing an order in the trading crowd on the trading floor.

Index Option

The term "index option" means an option on a broad-based, narrow-based, micro narrow-based, or other index of equity securities prices.

Index Portfolio Receipts and IPRs

The terms "index portfolio receipts" and "IPRs" mean securities that (a) represent an interest in a unit investment trust which holds the securities that comprise an index on which a series of IPRs is based; (b) are issued by the trust in a specified aggregate minimum number in return for a "Portfolio Deposit" consisting of specified numbers of shares of stock plus a cash amount; (c) when aggregated in the same specified minimum number, may be redeemed from the trust, which will pay to the redeeming holder the stock and cash then comprising the Portfolio Deposit; and (d) pay holders a periodic cash payment corresponding to the regular cash dividends or distributions declared and paid with respect to the component securities of the stock index on which the IPRs are based, less certain expenses and other charges as set forth in the trust prospectus. IPRs are "UIT interests" within the meaning of the Rules.

Index Portfolio Shares and IPSs

The terms "Index Portfolio Shares" and "IPSs" mean securities that (a) are issued by an open-end management investment company based on a portfolio of stocks or fixed income securities designed to provide investment results that correspond generally to the price and yield performance of a

specified foreign or domestic stock index or fixed income securities index; (b) are issued by such an open-end management investment company in a specified aggregate minimum number in return for a deposit of specified number of shares of stock and/or a cash amount, or a specified portfolio of fixed income securities and/or a cash amount, with a value equal to the next determined net asset value; and (c) when aggregated in the same specified minimum number, may be redeemed at a holder's request by such open-end management investment company, which will pay to the redeeming holder stock and/or cash, or a specified portfolio of fixed income securities and/or cash with a value equal to the next determined net asset value.

Index-Linked Exchangeable Note

The term "Index-Linked Exchangeable Note" means an exchangeable debt security that is exchangeable at the option of the holder (subject to the requirement that the holder in most circumstances exchange a specified minimum amount of notes), on call by the issuer, or at maturity for a cash amount based on the reported market prices of the underlying stocks of an underlying index.

Index-Linked Security and ETN

The terms "Index-Linked Security" and "ETN" (Exchange-Traded Note) mean a share traded on a national securities exchange that is an NMS stock and represents ownership of a security that provides for payment at maturity as set forth in Rule 4.3.

Inter-Regulatory Spread Order

The term "inter-regulatory spread" order means an order involving the simultaneous purchase and/or sale of at least one unit in contracts each of which is subject to different regulatory jurisdictions at stated limits, or at a stated differential, or at market prices on the floor of the Exchange.

Lead Market-Maker and LMM

The terms "Lead Market-Maker" and "LMM" have the meaning set forth in Rule 3.55.

Limit Up-Limit Down State

The term "limit up-limit down state" has the meaning set forth in Rule 5.21.

Long Position

The term "long position" means a person's interest as the holder of one or more option contracts.

Market Close

The term "market close" means the time the Exchange specifies for the end of a trading session on the Exchange on that trading day.

Market-Maker

The term "Market-Maker" means a Trading Permit Holder registered with the Exchange pursuant to Rule 3.52 for the purpose of making markets in option contracts traded on the Exchange and that has the rights and responsibilities set forth in Chapter 5, Section D of the Rules.

Market Open

The term "market open" means the time the Exchange specifies for the start of a trading session on the Exchange on that trading day.

Minimum Increment

The term "minimum increment" means the minimum increment at which Trading Permit Holders may represent bids and offers on options traded on the Exchange, as set forth in Rule 5.4.

NBB, NBO, and NBBO

The term "NBB" means the national best bid; the term "NBO" means the national best offer; and the term "NBBO" means the national best bid or offer the Exchange calculates based on market information it receives from OPRA.

NMS Stock

The term "NMS stock" has the meaning set forth in Rule 600 of Regulation NMS of the Exchange Act.

Nominee

The term "nominee" means an individual who is authorized by a TPH organization, in accordance with Rule 3.9, to represent such TPH organization in all matters relating to the Exchange with respect to a Floor Broker or Market-Maker Floor Trading Permit.

Notional Value

The term "notional value" means the value calculated by multiplying the number of contracts (contract size multiplied by the contract multiplier) in an order by the order's limit price.

OCC Cleared OTC Option Contract

The term "OCC cleared OTC option contract" means an over-the-counter option contract that is issued and guaranteed by OCC and, except as otherwise provided in the Rules, is not an option contract.

Offer

The term "offer" means the price of a limit order or quote to sell one or more option contracts.

OLPP

The term "OLPP" means the Options Listing Procedures Plan, which is available on OCC's website.

Opening Purchase Transaction

The term "opening purchase transaction" means a transaction that creates or increases a long position in an option contract.

Opening Writing Transaction

The term "opening writing transaction" means a transaction that creates or increases a short position in an option contract.

OPRA

The term "OPRA" means the Options Price Reporting Authority.

Option(s) Contract

The term "option(s) contract" means a put or a call issued, or subject to issuance, by the Clearing Corporation pursuant to the Rules of the Clearing Corporation.

Options Principal

The term "Options Principal" means a person engaged in the management and supervision of the Trading Permit Holder's business pertaining to option contracts that has responsibility for the overall oversight of the Trading Permit Holder's options-related activities on the Exchange.

Order

The term "order" means a firm commitment to buy or sell option contracts. Order types are listed in Rule 5.6.

Order Entry Firm and OEF

The terms "Order Entry Firm" and "OEF" mean a Trading Permit Holder that represents as agent customer orders on the Exchange or that is a non-Market-Maker conducting proprietary trading.

Order Instruction

The term "Order Instruction" has the meaning set forth in Rule 5.6.

Order Service Firm and OSF

The terms "order service firm" and "OSF" has the meaning set forth in Rule 3.59.

Outstanding

The term "outstanding" means an option contract that has been issued by the Clearing Corporation and has neither been the subject of a closing writing transaction nor reached its expiration date.

PAR Official

The term "PAR Official" has the meaning set forth in Rule 5.91.

Person

The term "Person" means an individual, partnership (general or limited), joint stock company, corporation, limited liability company, trust, or unincorporated organization, or any governmental entity or agency or political subdivision thereof.

Port

The term "port" is defined in Rule 5.5.

Preferred Market-Maker and PMM

The terms "Preferred Market-Maker" and "PMM" have the meaning set forth in Rule 3.56.

Primary Market

The term "primary market" means the primary exchange on which an underlying security is listed.

Principal Shareholder

The term "principal shareholder" means any person beneficially owning, directly or indirectly, equity securities representing at least 5% of the voting power in elections of directors, of the net worth, or participation in the net profits of a corporation.

Priority Customer

The term "Priority Customer" means a person or entity that is a Public Customer and is not a Professional.

Priority Customer Order

The term "Priority Customer order" means an order for the account of a Priority Customer.

Professional

The term "Professional" means any person or entity that (a) is not a broker or dealer in securities, and (b) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). Interpretation and Policy .01 to this Rule 1.1 describes how certain orders should be counted for Professional order counting purposes. The System handles Professional orders in the same manner as broker-dealer orders unless otherwise specified in the Rules. All Professional orders must be marked with the Capacity code required by this Rule 1.1.

Proprietary Trading Permit Holder

The term "Proprietary Trading Permit Holder" means a Trading Permit Holder who is authorized to obtain access to the System to submit proprietary orders that are not Market-Maker orders.

Protected Quotation

The term "Protected Quotation" means a Protected Bid or Protected Offer, as each of those terms is defined in Rule 5.65.

Public Customer

The term "Public Customer" means a person that is not a Broker-Dealer.

Public Customer Order

The term "Public Customer order" means an order for the account of a Public Customer.

Put

The term "put" means an option contract under which the holder of the option has the right, in accordance with the terms and provisions of the option and the Rules of the Clearing Corporation, to sell to the Clearing Corporation (a) for equity options, the number of units of the underlying security covered by the option contract, at a price per unit equal to the exercise price, or (b) for index options, the current index value times the index multiplier upon the timely exercise of the option.

Quote and Quotation

The terms "quote" and "quotation" mean a firm bid or offer a Market-Maker (a) submits electronically in an order or bulk message (including to update any bid or offer submitted in a previous order or bulk message) or (b) represents in open outcry on the trading floor.

Regular Trading Hours and RTH

The terms "Regular Trading Hours" and "RTH" mean the trading session consisting of the regular hours during which transactions in options may be effected on the Exchange and are set forth in Rule 5.1.

Reporting Authority

The term "Reporting Authority" with respect to a particular index means the institution or reporting service (including any affiliates of that institution or reporting service) the Exchange designates as the official source for calculating the level of the index from the reported prices of the underlying securities that are the basis of the index and reporting such level.

Responsible Person

The term "Responsible Person" means an individual designated by an organization that is a Trading Permit Holder to represent the organization with respect to that Trading Permit in all matters relating to the Exchange. The Responsible Person must be a U.S.-based officer, director or management-level employee of the Trading Permit Holder, who is responsible for the direct supervision and control of Associated Persons of that Trading Permit Holder. A Responsible Person for a Foreign Trading Permit Holder does not need to be U.S.-based, but must be an individual registered in Web CRD.

Restructuring Transaction

The term "Restructuring Transaction" means the restructuring of the Exchange from a non-stock corporation to a stock corporation and wholly-owned subsidiary of Cboe Global Markets, Inc.

RTH Class

The term "RTH class" means an options class the Exchange lists for trading during RTH only.

Rules

The term "Rules" means the Rules of the Exchange, as they may be in effect from time to time.

Rules of the Clearing Corporation or Rules of OCC

The terms "Rules of the Clearing Corporation" or "Rules of OCC" mean the Certificate of Incorporation, the By-laws, and the Rules of the Clearing Corporation, and all written interpretations thereof, as they may be in effect from time to time.

SEC and Commission

The terms "SEC" and "Commission" mean the U.S. Securities and Exchange Commission.

Security Future-Option Order

A security future-option order, which shall be deemed a type of Inter-regulatory Spread Order, is an order to buy or sell a stated number of units of a security future or a related security convertible into a security future ("convertible security future") 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 the underlying for the security future or convertible security future or the number of units of the underlying for the

security future or convertible security future 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 the underlying for the security future or convertible security future, as and on the opposite side of the market from, the underlying for the security future or convertible security future portion of the order.

Series and Series of Options

The terms "series" and "series of options" mean all option contracts of the same class that are the same type of option and have the same exercise price and expiration date.

Short Position

The term "short position" means a person's interest as the writer of one or more option contracts.

Size

The term "size" means the number of contracts up to 999,999 associated with an order or quote.

Sponsored User

The term "Sponsored User" has the meaning set forth in Rule 3.60.

SRO

The term "SRO" means a self-regulatory organization as defined in Section 3(a)(26) of the Exchange Act.

Stock-Option Order

A stock-option order is 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. For purposes of electronic trading, the term "stock-option order" has the meaning set forth in Rule 5.33.

System

The term "System" means the Exchange's hybrid trading platform that integrates electronic and open outcry trading of option contracts on the Exchange, and includes any connectivity to the foregoing trading platform that is administered by or on behalf of the Exchange, such as a communications hub.

System Securities

The term "System Securities" means all classes that currently trade on the Exchange pursuant to Chapter 4.

Time-in-Force

The term "Time-in-Force" has the meaning set forth in Rule 5.6.

Trade Desk

The term "Trade Desk" means the Exchange operations staff authorized to make certain trading determinations on behalf of the Exchange.

Trading Permit

The term "Trading Permit" means a license issued by the Exchange that grants the holder or the holder's nominee the right to access one or more of the facilities of the Exchange for the purpose of effecting transactions in securities traded on the Exchange without the services of another person acting as broker, and otherwise to access the facilities of the Exchange for purposes of trading or reporting transactions or transmitting orders or quotations in securities traded on the Exchange, or to engage in other activities that, under the Rules, may only be engaged in by Trading Permit Holders, provided that the holder or the holder's nominee, as applicable, satisfies any applicable qualification requirements to exercise those rights. A Trading Permit conveys no ownership interest in the Exchange, is only be available through the Exchange, and is subject to the terms and conditions set forth in Rule 3.1.

Trading Permit Holder and TPH

The terms "Trading Permit Holder" and "TPH" have the meaning set forth in the Bylaws.

Trading Session

The term "trading session" means the hours during which the Exchange is open for trading for Regular Trading Hours or Global Trading Hours (each of which may referred to as a trading session), each as set forth in Rule 5.1. Unless otherwise specified in the Rules or the context otherwise indicates, all Rules apply in the same manner during each trading session.

Transaction and Exchange Transaction

The terms "transaction" and "Exchange transaction" mean a transaction involving an option contract effected on or through the Exchange or its facilities or systems.

Trust Issued Receipt and TIR

The terms "Trust Issued Receipt" and "TIR" mean a security that (a) is issued by a trust that holds specific securities deposited with the trust; (b) when aggregated in some specified minimum number, may be surrendered to the trust by the beneficial owner to receive the securities; and (c) pays beneficial owners dividends and other distributions on the deposited securities, if any are declared and paid to the trustee by an issuer of the deposited securities.

Type of Option

The term "type of option" means the classification of an option contract as either a put or a call.

UIT Interest

The term "UIT interest" means any share, unit, or other interest in or relating to a unit investment trust, including any component resulting from the subdivision or separation of such an interest. Interests in unit investment trusts sponsored by SuperShare Services Corporation and known as SuperShares™ and SuperUnits™ are UIT interests. There are four types of SuperShares: Appreciation SuperShares™ Priority SuperShares™ Protection SuperShares™ and Income and Residual SuperShares™. There are two types of SuperUnits: Index Trust SuperUnits™ and Money Market Trust SuperUnits™. The terms SuperShare, SuperUnit, Appreciation SuperShare, Priority SuperShare, Protection SuperShare, Income and Residual SuperShare, Index Trust SuperUnit and Money Market Trust SuperUnit are trademarks of SuperShare Services Corporation.

Uncovered

The term "uncovered" in respect of a short position in an option contract means the short position is not covered.

Underlying Index

The term "underlying index" (or "underlying"), with respect to an index option, means the index that is the subject of an index option.

Underlying Security

The term "underlying security" (or "underlying") means (a) with respect to an equity call (put) option contract, the security that the Clearing Corporation must sell (purchase) upon the valid exercise of the option contract, and (b) with respect to an index option, any of the securities or mutual funds that are the basis for the calculation of the underlying index.

Unit and ETF

The terms "Unit" and "ETF" (Exchange-Traded Fund) mean a share or other security traded on a national securities exchange and defined as an NMS stock as set forth in Rule 4.3.

Unit of Trading

The term "unit of trading" has the meaning set forth in Rule 5.2.

User

The term "User" means any TPH or Sponsored User who is authorized to obtain access to the System pursuant to Rule 5.5.

Web CRD

The term "Web CRD" means the Central Registration Depository operated by FINRA.

Interpretations and Policies

.01 Except as noted below, each order of any order type counts as one order for Professional order counting purposes.

(a) *Complex Orders*. A complex order comprised of eight (8) legs or fewer counts as a single order, and a complex order comprised of nine (9) legs or more counts as multiple orders with each option leg counting as its own separate order.

(b) *"Parent"/"Child" Orders.*

(1) *Same Side and Same Series.* A "parent" order that is placed for the beneficial account(s) of a person or entity that is not a broker or dealer in securities that is broken into multiple "child" orders on the same side (buy/sell) and series as the "parent" order by a broker or dealer, or by an algorithm housed at a broker or dealer or by an algorithm licensed from a broker or dealer, but which is housed with the customer, counts as one order even if the "child" orders are routed across multiple exchanges.

(2) *Both Sides and/or Multiple Series.* A "parent" order (including a strategy order) that is broken into multiple "child" orders on both sides (buy/sell) of a series and/or multiple series counts as multiple orders, with each "child" order counting as a new and separate order.

(c) *Cancel/Replace.* Except as provided in paragraph (c)(1) below, any order that cancels and replaces an existing order counts as a separate order (or multiple new orders in the case of a complex order comprised of nine (9) legs or more).

(1) *Same Side and Same Series.* An order that cancels and replaces any "child" order resulting from a "parent" order that is placed for the beneficial account(s) of a person or entity that is not a broker, or dealer in securities that is broken into multiple "child" orders on the same side (buy/sell) and series as the "parent" order by a broker or dealer, by an algorithm housed at a broker or dealer, or by an algorithm licensed from a broker or dealer, but which is housed with the customer, does not count as a new order.

(2) *Both Sides and/or Multiple Series.* An order that cancels and replaces any "child" order resulting from a "parent" order (including a strategy order) that generates "child" orders on both sides (buy/sell) of a series and/or in multiple series counts as a new order.

(3) *Pegged Orders.* Notwithstanding the provisions of paragraph (c)(1) above, an order that cancels and replaces any "child" order resulting from a "parent" order being "pegged" to the BBO or NBBO or that cancels and replaces any "child" order pursuant to an algorithm that uses BBO or NBBO in the calculation of "child" orders and attempts to move with or follow the BBO or NBBO of a series counts as a new order each time the order cancels and replaces in order to attempt to move with or follow the BBO or NBBO.

[Effective October 7, 2019 (SR-CBOE-2019-027), (SR-CBOE-2019-033), (SR-CBOE-2019-042), (SR-CBOE-2019-059), (SR-CBOE-2019-084), (SR-CBOE-2019-099); amended December 19, 2019 (SR-CBOE-2019-118); amended December 19, 2019 (SR-CBOE-2019-126); amended April 24, 2020 (SR-CBOE-2020-041)]

SECTION B. ADMINISTRATIVE MATTERS

Rule 1.5. Exchange Determinations

(a) The Exchange announces to Trading Permit Holders all determinations it makes pursuant to the Rules via:

(1) specifications, Notices, or Regulatory Circulars with appropriate advanced notice, which are posted on the Exchange's website, or as otherwise provided in the Rules;

(2) electronic message; or

(3) other communication method as provided in the Rules.

(b) To the extent the Rules allow the Exchange to make a determination, including on a class-by-class, series-by-series basis or a group basis, if the Exchange determines to list SPX or VIX on a group basis pursuant to Rule 4.13, the Exchange may make a determination for GTH that differs from the determination it makes for RTH.

(c) To the extent the Rules allow System trading parameters to be established on a class-by-class basis, the Exchange will establish such parameters on a group basis if the Exchange determines to list SPX or VIX on a group basis pursuant to Rule 4.13.

[Effective October 7, 2019 (SR-CBOE-2019-027); amended December 19, 2019 (SR-CBOE-2019-118)]

Rule 1.6. Time

Unless otherwise specified, all times in the Rules are Eastern Time.

[Effective October 7, 2019 (SR-CBOE-2019-027)]

SECTION C. EXCHANGE LIABILITY AND DISCLAIMERS

Rule 1.10. Exchange Liability Disclaimers and Limitations

(a) Neither the Exchange nor any of its directors, officers, committee members, other officials, employees, contractors, or agents, nor any subsidiaries or affiliates of the Exchange or any of their directors, officers, committee members, other officials, employees, contractors, or agents ("Covered Persons") shall be liable to the Trading Permit Holders or to persons associated therewith for any loss, expense, damages or claims that arise out of the use or enjoyment of the facilities afforded by the Exchange, any interruption in or failure or unavailability of any such facilities, or any action taken or omitted to be taken in respect to the business of the Exchange except to the extent such loss, expense, damages or claims are attributable to the willful misconduct, gross negligence, bad faith or fraudulent or criminal acts of the Exchange or its officers, employees or agents acting within the scope of their authority. Without limiting the generality of the foregoing, and subject to the same exception, no Covered Person shall have any liability to any person or entity for any loss, expense, damages or claims that result from any error, omission or delay in calculating or disseminating any current or closing index value, any current or closing value of interest rate options, or any reports of transactions in or quotations for options or other securities, including underlying securities. The Exchange makes no warranty, express or implied, as to results to be obtained by any person or entity from the use or enjoyment of the facilities afforded by the Exchange, including without limitation, of any data transmitted or disseminated by or on behalf of the Exchange or any Reporting Authority designated by the Exchange, including but not limited to any data described in the preceding sentence, and the Exchange makes no express or implied warranties of merchantability or fitness for a particular purpose or use with respect to any such data. The foregoing limitations of liability and disclaimers shall be in addition to, and not in limitation of, the provisions of Article Eighth of the Exchange's Certificate of Incorporation or any limitations otherwise available under law.

(b) Whenever custody of an unexecuted order or quote is transmitted by a Trading Permit Holder to or through the Exchange's Hybrid System, or to any other facility of the Exchange whereby the Exchange assumes responsibility for the transmission or execution of the order or quote, provided that the Exchange has acknowledged receipt of such order or quote, the Exchange may, in its sole discretion, compensate one or more Trading Permit Holders for their losses alleged to have resulted from the failure to process an order or quote correctly due to the acts or omissions of the Exchange or due to the failure of its systems or facilities (each, a "Loss Event"), subject to the following limits:

(1) As to any one or more requests for compensation made by a single Trading Permit Holder that arose out of one or more Loss Events occurring on a single trading day, the Exchange may compensate the Trading Permit Holder up to but not exceeding the larger of $100,000 or the amount of any recovery obtained by the Exchange under any applicable insurance maintained by the Exchange;

(2) As to the aggregate of all requests for compensation made by all Trading Permit Holders that arose out of one or more Loss Events occurring on a single trading day, the Exchange may compensate the Trading Permit Holders, in the aggregate, up to but not exceeding the larger of $250,000 or the amount of the recovery obtained by the Exchange under any applicable insurance maintained by the Exchange; and

(3) As to the aggregate of all requests for compensation made by all Trading Permit Holders that arose out of one or more Loss Events occurring during a single calendar month, the Exchange may compensate the Trading Permit Holders, in the aggregate, up to but not exceeding the larger of $500,000 or the amount of the recovery obtained by the Exchange under any applicable insurance maintained by the Exchange.

A Trading Permit Holder may not make a request for compensation under this Rule for less than $100. Losses incurred on the same trading day and arising out of the same underlying act or omission of the Exchange or failure of the Exchange's systems or facilities may be aggregated to meet the $100 minimum. Nothing in this Rule shall obligate the Exchange to seek recovery under any applicable insurance policy.

(c) Notice of all requests for compensation pursuant to this Rule shall be in writing and must be submitted no later than 1:00 p.m. Eastern Time on the next business day following the Loss Event giving rise to such requests. All requests shall be in writing and must be submitted along with supporting documentation by 6:00 p.m. Eastern Time on the third business day following the Loss Event giving rise to each such request. Additional information related to the request as demanded by the Exchange is also required to be provided. The Exchange shall not consider requests for which timely notice and submission have not been provided as required under this paragraph (c).

(d) If all of the timely requests submitted pursuant to paragraph (c) above that are granted cannot be fully satisfied because in the aggregate they exceed the applicable maximum amount of payments authorized in paragraph (b) above, then such maximum amount shall be allocated among all such requests arising on a single trading day or during a single calendar month, as applicable, based upon the proportion that each such request bears to the sum of all such requests.

(e) In determining whether to make payment of a request pursuant to paragraph (b) above, the Exchange may determine whether the amount requested should be reduced based on the actions or inactions of the requesting Trading Permit Holder, including, without limitation, whether the actions or inactions of the Trading Permit Holder contributed to the Loss Event; whether the Trading Permit Holder made appropriate efforts to mitigate its loss; whether the Trading Permit Holder realized any gains as a result of a Loss Event; whether the losses of the Trading Permit Holder, if any, were offset by hedges of positions either on the Exchange or on another affiliated or unaffiliated market; and whether the Trading Permit Holder provided sufficient information to document the request and as demanded by the Exchange.

(f) All determinations made pursuant to this Rule by the Exchange shall be final and not subject to appeal under Chapter XIX of the Rules or otherwise. Nothing in this Rule, nor any payment pursuant to this Rule, shall in any way limit, waive or proscribe any defenses a Covered Person may have to any claim, demand, liability, action or cause of action, whether such defense arises in law or equity, or whether such defense is asserted in a judicial, administrative, or other proceeding.

(g) This Rule shall be effective as of July 1, 2015 (the "Effective Date"). No claim for liability under any previous version of this Rule shall be valid if brought with respect to any acts, omissions or transactions occurring more than one year prior to the Effective Date of this Rule, or if brought more than one month after the Effective Date of this Rule.

[Effective October 7, 2019 (SR-CBOE-2019-027); amended December 19, 2019 (SR-CBOE-2019-118)]

Rule 1.11. Limitation on Liability of Index Licensors for Options on Units

(a) The term "index licensor" as used in this rule refers to any entity that grants the Exchange a license to use one or more indexes or portfolios in connection with the trading of options on Units.

(b) No index licensor with respect to any index pertaining to Units underlying an option traded on the Exchange makes any warranty, express or implied, as to the results to be obtained by any person or entity from the use of such index, any opening, intra-day or closing value therefor, or any data included therein or relating thereto, in connection with the trading of any option contract on Units based thereon or for any other purpose. The index licensor shall obtain information for inclusion in, or for use in the calculation of, such index from sources it believes to be reliable, but the index licensor does not guarantee the accuracy or completeness of such index, any opening, intraday or closing value therefor, or any data included therein or related thereto. The index licensor hereby disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any such index, any opening, intraday or closing value therefor, any data included therein or relating thereto, or any option contract on Units based thereon. The index licensor shall have no liability for any damages, claims, losses (including any indirect or consequential losses), expenses or delays, whether direct or indirect, foreseen or unforeseen, suffered by any person arising out of any circumstance or occurrence relating to the person's use of such index, any opening, intraday or closing value therefor, any data included therein or relating thereto, or any option contract on Units based thereon, or arising out of any errors or delays in calculating or disseminating such index.

[Effective October 7, 2019 (SR-CBOE-2019-027)]

Rule 1.12. Limitation on Liability of Reporting Authorities for Indexes Underlying Options

No Reporting Authority, and no other entity identified in this Rule makes any warranty, express or implied, as to the results to be obtained by any person or entity from the use of such index, any opening, intraday or closing value therefor, or any data included therein or relating thereto, in connection with the trading of any option contract based thereon or for any other purpose. The Reporting Authority or any other entity identified in this Rule shall obtain information for inclusion in, or for use in the calculation of, such index from sources it believes to be reliable, but the Reporting Authority or any other entity identified in this Rule does not guarantee the accuracy or completeness of such index, any opening, intra-day or closing value therefor, or any date included therein or related thereto. The Reporting Authority and any other entity identified in this Rule hereby disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to such index, any opening, intra-day, or closing value therefor, any data included therein or relating thereto, or any option contract based thereon. The Reporting Authority and any other entity identified in this Rule shall have no liability for any damages, claims, losses (including any indirect or consequential losses), expenses, or delays, whether direct or indirect, foreseen or unforeseen, suffered by any person arising out of any circumstance or occurrence relating to the person's use of such index, any opening, intra-day or closing value therefor, any data included therein or relating thereto, or any option contract

based thereon, or arising out of any errors or delays in calculating or disseminating such index. The foregoing disclaimers shall apply to Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") in respect to the S&P Indexes, Frank Russell Company in respect to the Russell Indexes, The NASDAQ Stock Market, Inc. in respect to the Nasdaq Indexes, Morgan Stanley Dean Witter & Co. Incorporated in respect of the Morgan Stanley Indexes, Dow Jones and Company, Inc. in respect to the Dow Jones Averages and any other Dow Jones Indexes, Goldman, Sachs & Co. in respect to the Goldman Sachs Indexes; to the foregoing Reporting Authorities in respect to any other indexes for which they act as the designated Reporting Authority; to the Exchange in respect to the indexes for which it is the designated Reporting Authority; and to any other Reporting Authority in respect to any index for which it acts as such.

[Effective October 7, 2019 (SR-CBOE-2019-027)]

Rule 1.13. Limitation of Liability of Reporting Authority for Interest Rate Options

(a) No Reporting Authority in respect of an interest rate measure shall have any liability for damages, claims, losses or expenses caused by any errors, omissions or delays in collecting or disseminating the current or closing value of interest rate option contracts resulting from an act, condition or cause beyond their reasonable control, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; communications or power failure; equipment or software malfunction; any error; omission or delay in the reports of transactions in one or more underlying securities; or any error, omission or delay in the reports of the current value.

(b) No Reporting Authority makes any warranty, express or implied, as to results to be obtained by any person or any entity from the use of the interest rate measures or any data included therein in connection with trading or any other use; the Reporting Authority makes no express or implied warranties of merchantability or fitness for a particular purpose for use with respect to the interest rate measures or any data included therein.

[Effective October 7, 2019 (SR-CBOE-2019-027); amended December 19, 2019 (SR-CBOE-2019-118)]

Rule 1.14. Limitation of Liability of Reporting Authority for Credit Options

The term "Reporting Authority" as used in this rule refers to the Exchange or any other entity identified by the Exchange as the "reporting authority" in respect of a class of Credit Options for purposes of the By-Laws and Rules of the Clearing Corporation and any affiliate of the Exchange or any such other entity. No Reporting Authority makes any warranty, express or implied, as to the results to be obtained by any person or entity from the use of any Credit Option. Any Reporting Authority hereby disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any Credit Option. Any Reporting Authority shall have no liability for any damages, claims, losses (including any indirect or consequential losses), expenses or delays, whether direct or indirect, foreseen or unforeseen, suffered by any person relating to any Credit Option, including without limitation as a result of any error, omission or delay in confirming, or disseminating notice of, any Credit Event, any determination to adjust or not to adjust the terms of

outstanding Credit Options, or any other determination with respect to Credit Options for which it has responsibility under the By-Laws and Rules of the Clearing Corporation.

[Effective October 7, 2019 (SR-CBOE-2019-027); amended December 19, 2019 (SR-CBOE-2019-118)]

Rule 1.15. Legal Proceedings Against the Exchange

No Trading Permit Holder or person associated with a Trading Permit Holder shall institute a lawsuit or other legal proceeding against the Exchange or any of its directors, officers, committee members, other officials, employees, contractors, or agents, or any subsidiaries or affiliates of the Exchange or any of their directors, officers, committee members, other officials, employees, contractors, or agents, for actions taken or omitted to be taken in connection with the official business of the Exchange or any subsidiary or affiliate, except to the extent such actions or omissions constitute violations of the federal securities laws for which a private right of action exists. This provision shall not apply to appeals of disciplinary actions or other actions by the Exchange as provided for in the Rules.

[Effective October 7, 2019 (SR-CBOE-2019-027)]

CHAPTER 2. TRADING PERMIT HOLDER FEES

Rule 2.1. Trading Permit Holder Fees and Charges

The Exchange fixes, from time to time, fees and charges payable by Trading Permit Holders, which except as otherwise provided are due and payable in full on the first day of each month on a nonrefundable basis and applied to the month beginning on that day. The Exchange may, on the request of a Trading Permit Holder who is serving on active duty in the U.S. Armed Forces, waive any fees and charges during the period of such service.

[Effective October 7, 2019 (SR-CBOE-2019-027)]

Rule 2.2. Regulatory Revenues

The Exchange may not use any revenues it receives from fees derived from its regulatory function or regulatory fines for nonregulatory purposes, but rather must use them to fund the legal and regulatory operations of the Exchange (including surveillance and enforcement activities), or, as the case may be, to pay restitution and disgorgement of funds intended for customers (except in the event of liquidation of the Exchange, in which case Cboe Global Markets, Inc. will be entitled to the distribution of the remaining assets of the Exchange).

[Effective October 7, 2019 (SR-CBOE-2019-027)]

Rule 2.3. Integrated Billing System (IBS)

Every Trading Permit Holder must designate a Clearing Trading Permit Holder for the payment of the Trading Permit Holder's Exchange invoices and vendor invoices for Exchange-related services designated by the Exchange by means of the Exchange's integrated billing system ("IBS"). The designated Clearing Trading Permit Holder must pay to the Exchange on a timely basis any amount that is not disputed pursuant to IBS procedures by the Trading Permit Holder who is directly involved. Such payments will be drafted by the Exchange against the designated Clearing Trading Permit Holder's account at the Clearing Corporation. The Clearing Corporation has no liability in connection with its forwarding to the Exchange each month a check representing the total amount that the Exchange advises the Clearing Corporation is owed to the Exchange.

[Effective October 7, 2019 (SR-CBOE-2019-027)]

Rule 2.4. Liability for Payment

(a) With regard to a Trading Permit Holder or associated person that does not pay any fees, charges, fines or other amounts due to the Exchange within 30 days after the same has become due and payable, the Exchange may, after giving reasonable notice to the Trading Permit Holder or associated person of such arrearages, suspend the Trading Permit Holder or associated person from being a Trading Permit Holder, being associated with any Trading Permit Holder, or both until payment is made. Should payment not be made by a Trading Permit Holder within six months after payment is due, any Trading Permit held by that Trading Permit Holder may be revoked by the Exchange.

(b) With regard to a former Trading Permit Holder or associated person that does not pay any fees, charges, fines or other amounts due to the Exchange within 30 days after the same has become payable, the Exchange may, after giving reasonable notice to the former Trading Permit Holder or associated person of such arrearages, bar the former Trading Permit Holder or associated person from becoming a Trading Permit Holder, an associated person, or both until payment is made.

(c) Reasonable notice under this Rule includes, but is not limited to, service on a Trading Permit Holder's or associated person's address as it appears on the books and records of the Exchange either by (1) hand delivery or (2) deposit in the U.S. post office, postage prepaid via registered or certified mail.

(d) The Exchange reports to Web CRD any suspension or bar imposed pursuant to this Rule.

[Effective October 7, 2019 (SR-CBOE-2019-027)]

Rule 2.5. Exchange's Costs of Defending Legal Proceedings

Any Trading Permit Holder or person associated with a Trading Permit Holder who fails to prevail in a lawsuit or other legal proceeding instituted by such person against the Exchange or any of its directors, officers, committee members, other officials, employees, contractors, or agents, or any subsidiaries or affiliates of the Exchange or any of their directors, officers, committee members, other officials, employees, contractors, or agents, and related to the business of the Exchange, must pay to the Exchange all reasonable expenses, including attorneys' fees, incurred by the Exchange in the defense of such proceeding, but only in the event that such expenses exceed $50,000. This provision does not apply to disciplinary actions by the Exchange, to administrative appeals of Exchange actions, or in any specific instance where the Exchange has granted a waiver of this provision.

[Effective October 7, 2019 (SR-CBOE-2019-027)]

CHAPTER 3. TPH MEMBERSHIP, REGISTRATION, AND PARTICIPANTS

SECTION A. TPH QUALIFICATIONS

Rule 3.1. Trading Permits

(a) *General*

(1) *Requirement to Hold Trading Permit*. Any person who wishes to perform one or more of the trading functions of a Trading Permit Holder as described in the Bylaws and Rules must hold a Trading Permit. All references in the Rules to "Trading Permit Holder" shall mean a Trading Permit Holder, or a nominee of such a person.

(2) *Rights*. No rights shall be conferred upon a Trading Permit Holder except those set forth in the Bylaws or Rules as amended from time to time. Nothing in the Bylaws or Rules shall create a right for a person to be issued a Trading Permit by the Exchange.

(3) *Exchange Jurisdiction over Trading Permit Holders*. Every Trading Permit Holder and every Responsible Person or nominee of such a person shall be subject to the regulatory jurisdiction of the Exchange under the Act, the Bylaws and the Rules, including without limitation the Exchange's disciplinary jurisdiction under Chapter 13 of the Rules.

(4) *Types and Terms of Trading Permits*. The Exchange shall have the authority to issue different types of Trading Permits that allow holders to trade one or more products authorized for trading on the Exchange, to act in one or more trading functions authorized by the Rules, and to trade during one or more trading sessions. Trading Permits shall be for terms as shall be determined by the Exchange from time to time. The Exchange shall announce the types and terms of the Trading Permits that the Exchange has determined to issue.

(5) *Fees and Charges for Trading Permits*. Trading Permits shall be subject to such fees and charges as are established by the Exchange from time to time pursuant to Rule 2.1 and the Exchange Fee Schedule. The entire fee for a Trading Permit shall be due and payable in accordance with the Exchange Fee Schedule. A TPH organization holding a Trading Permit shall be responsible for paying all fees and charges for that Trading Permit. An individual holding a Trading Permit shall be responsible for paying all fees and charges for that Trading Permit.

(6) *Limiting or Reducing the Number of Types of Trading Permits*. The Exchange shall have the authority to limit or reduce the number of any type of Trading Permit it has determined to issue. The Exchange shall announce any limitation or reduction it imposes pursuant to this subparagraph. In the event the Exchange imposes such a limitation or reduction, the Exchange may not eliminate or reduce the ability to trade one or more product(s) of a person currently trading such product(s), and may not eliminate or reduce the ability to act in one or more trading function(s) of a person currently acting in such trading function(s), unless the Exchange is permitted to do so pursuant to a rule filing submitted to the Commission under Section 19(b) of the Exchange Act. In no event shall

the Exchange act in a manner under this subparagraph that does not comply with the provisions of Section 6(c)(4) of the Exchange Act.

(7) *Increasing the Number of Types of Trading Permits*. The Exchange shall have the authority to increase the number of any type of Trading Permit it has determined to issue by issuing additional Trading Permits of that type. The Exchange shall announce any increase it implements pursuant to this subparagraph.

(8) *Objective Standards for Trading Permits*. The Exchange shall have the authority, pursuant to a rule filing submitted to the Commission under Section 19(b) of the Act, to establish objective standards that must be met to be issued, or to have renewed, a Trading Permit.

(9) *Preservation of Exchange's Authority*. Notwithstanding any other provision in this Rule 3.1 nothing in those rules shall eliminate or restrict the Exchange's authority to delist any product or to take any action (remedial or otherwise) under the Act, the Bylaws and the Rules, including without limitation the Exchange's authority to take disciplinary or market performance actions against a person with respect to which the Exchange has jurisdiction under the Act, the Bylaws and the Rules.

(b) *Applications for and Issuance of Trading Permits*

(1) *Application Requirements*. Only a person approved to hold a Trading Permit (a "Qualified Person") is eligible to submit an application for a Trading Permit. In the event a Qualified Person seeks to hold one or more of a type of Trading Permit, such person must submit an application to the Exchange for that type of Trading Permit, in a form and manner prescribed by the Exchange, that includes a selection of the number and term(s) of the Trading Permit(s) that such person would like to receive. To be eligible to be issued a type of Trading Permit, a Qualified Person must have satisfied the application requirements for that type of Trading Permit. To be eligible to use a type of Trading Permit, a Qualified Person must satisfy all requirements related to that type of Trading Permit.

(2) *Waiting List*. The Exchange in its discretion either may maintain a waiting list for a type of Trading Permit, or may not accept applications for that type of Trading Permit until such time as the Exchange determines to accept applications for that type of Trading Permit pursuant to subparagraph (b)(3) of this Rule 3.1. Such a waiting list shall be used only to issue Trading Permits pursuant to the Order in Time Process set forth in subparagraph (b)(3)(B) of this Rule 3.1. In the event the Exchange maintains a waiting list under this subparagraph, the Exchange shall place Qualified Persons on that waiting list based on the order in time that such persons submitted applications pursuant to subparagraph (b)(1) of this Rule 3.1, and such persons may at any time voluntarily withdraw from that waiting list. A person on the waiting list may submit a notification to the Exchange to adjust the number of Trading Permits that such person would like to receive at any time prior to an announcement of an issuance of such Trading Permits.

(3) *Issuance of Trading Permits*. Any issuance of Trading Permits shall be in accordance with the procedures set forth in this subparagraph. From time to time, the Exchange in its

discretion may determine to make available one or more of a type of Trading Permit in accordance with one of the objective processes listed below in subparagraphs (A) or (B) (the number of such Trading Permits that the Exchange determines to make available shall be referred to as the "issuance number"). In connection with an issuance of such Trading Permits, and notwithstanding an application for a greater number of such Trading Permits, a Qualified Person and any affiliated Qualified Person shall be eligible to receive no more than the greater of 10 such Trading Permits or 20% of the issuance number of such Trading Permits. Such a limit shall not apply in the event the issuance number of such Trading Permits exceeds the demand for such Trading Permits.

Random Lottery Process. The Exchange shall issue Trading Permits to Qualified Persons through a random lottery process. Prior to the issuance of such Trading Permits, the Exchange shall announce that it will use a random lottery to issue such Trading Permits, the issuance number, and the period of time during which Qualified Persons must submit completed applications for such Trading Permits to be able to participate in the random lottery.

Order in Time Process. The Exchange shall issue Trading Permits to Qualified Persons based on the order in time that such Qualified Persons applied for such Trading Permits. In the event the Exchange maintains a waiting list for such Trading Permits and the issuance number is less than the demand for such Trading Permits by persons on the waiting list, the Exchange shall issue such Trading Permits to persons on the waiting list based on the order in time that such persons were placed on the waiting list. In the event the Exchange maintains a waiting list for such Trading Permits and the issuance number is greater than the demand for such Trading Permits by persons on the waiting list, or in the event the Exchange does not maintain a waiting list for such Trading Permits, the Exchange shall announce that it will use an order in time process to issue such Trading Permits, the issuance number, and the period of time during which Qualified Persons (other than persons on the waiting list, if any) must submit completed applications for such Trading Permits to be able to participate in the order in time process.

Other Process. The Exchange shall have the authority to modify the processes described above in subparagraphs (A) and (B) or to establish any other objective process to issue such Trading Permits pursuant to a rule filing submitted to the Commission under Section 19(b) of the Act.

(c) *Termination, Change and Renewal of Trading Permits*

(1) *Termination of Trading Permits*. A Trading Permit Holder seeking to terminate that holder's Trading Permit must notify the Exchange, prior to the deadline announced by the Exchange and in a form and manner prescribed by the Exchange, that the holder is terminating that Trading Permit at the end of its term.

(2) *Replacement of Trading Permits.* A Trading Permit Holder seeking to replace that holder's Trading Permit with a different Trading Permit must file with the Exchange, prior

to the deadline announced by the Exchange, an application for that different Trading Permit pursuant to paragraph (b) of this Rule 3.1.

(3) *Renewal of Trading Permits*. The Exchange shall automatically renew for the same term as the expiring term a Trading Permit of a Trading Permit Holder if that holder does not take one of the actions specified in subparagraphs (c)(1) or (c)(2) of this Rule 3.1 with respect to that Trading Permit. In renewing that holder's Trading Permit, the Exchange shall have the authority to issue one or more Trading Permits that represent the same or more trading right(s) as the expiring permit. Notwithstanding the foregoing, nothing in this subparagraph shall limit the Exchange's authority in subparagraph (a)(6) of this Rule 3.1 to limit or reduce the number of any type of Trading Permit.

(4) *Additional Trading Permits*. A Trading Permit Holder seeking to hold an additional Trading Permit must file with the Exchange an application for that Trading Permit pursuant to paragraph (b) of this Rule 3.1.

(5) *Changing the Term of a Trading Permit*. To change the term of a Trading Permit at the end of its current term to a longer or shorter term currently offered by the Exchange, a Trading Permit Holder must notify the Exchange of that holder's desire to change the term prior to the deadline and in a form and manner prescribed by the Exchange. Such a change will be effective only at the end of the current term of the Trading Permit.

(d) *Non-transferability of Trading Permits*

(1) *Non-transferability of Trading Permits*. A Trading Permit may be issued only by the Exchange and may not be leased or transferred to any person under any circumstances, except as provided in subparagraph (d)(2) of this Rule 3.1. A Trading Permit Holder has no ownership interest or property rights in a Trading Permit. No recognition or effect shall be given by the Exchange to any agreement or to any instrument entered into or executed by a Trading Permit Holder or his legal representatives that purports to transfer or assign any interest in a Trading Permit, or which purports to create any lien or other right with respect thereto, other than pursuant to subparagraph (d)(2) of this Rule 3.1.

(2) *Limited Exceptions*. A TPH organization may change the designation of the nominee or Responsible Person in respect of each Trading Permit it holds in a form and manner prescribed by the Exchange. In addition, a Trading Permit Holder may, with the prior written consent of the Exchange, transfer a Trading Permit to a TPH organization or to an organization approved to be a TPH organization: (A) which is an affiliate; or (B) which continues substantially the same business without regard to the form of the transaction used to achieve such continuation, e.g., merger, sale of substantially all assets, reincorporation, reorganization or the like.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.2. Qualifications of Individual TPHs

An individual must satisfy the following requirements in order to be an individual Trading Permit Holder, whether in the capacity of a holder of a Trading Permit or a nominee of a TPH organization:

(a) the individual must be at least 21 years of age;

(b) the individual must be registered as a broker or dealer pursuant to Section 15 of the Exchange Act or be associated with a TPH organization that is registered as a broker or dealer pursuant to Section 15 of the Exchange Act; and

(c) the person must meet the other qualification requirements for being a Trading Permit Holder under the Bylaws and Rules.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.3. Qualifications of TPH Organizations

An organization must satisfy the following requirements in order to be a TPH organization:

(a) the organization must be a corporation, partnership, or limited liability company;

(b) the organization must be registered as a broker or dealer pursuant to Section 15 of the Exchange Act; and

(c) the organization must meet the other qualification requirements under the Bylaws and Rules, including obtaining a Trading Permit.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.4. Foreign TPHs

A Trading Permit Holder that does not maintain an office in the United States responsible for preparing and maintaining financial and other reports required to be filed with the Securities and Exchange Commission and the Exchange must:

(a) prepare all such reports, and maintain a general ledger chart of account and any description thereof, in English and U.S. dollars;

(b) reimburse the Exchange for any expense incurred in connection with examination of the Trading Permit Holder to the extent that such expenses exceed the cost of examining a Trading Permit Holder located within the continental United States; and

(c) ensure the availability of an individual fluent in English knowledgeable in securities and financial matters to assist the representatives of the Exchange during examinations.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.5. Additional TPH Qualifications

(a) In addition to the qualifications set forth in Rules 3.2 through 3.4, a Trading Permit Holder applicant:

(1) must be domiciled in (with respect to individuals), or organized under the laws of (with respect to organizations), a jurisdiction expressly approved by the Exchange. When determining whether to approve a jurisdiction, the Exchange will consider whether:

(A) the applicant will be able to supply the Exchange with such information with respect to its dealings with the Exchange as set forth in the Rules;

(B) the Exchange will be able to examine the applicant's books and records to verify the accuracy of any information so supplied;

(C) approval of the applicant as a Trading Permit Holder will comply with all applicable laws, rules and regulations; and

(D) other factors that the Exchange reasonably and objectively determines may impact the applicant's ability to comply with the Rules and the Act or the Exchange's ability to accept Trading Permit Holders from the applicable jurisdiction.

This approval may be limited to one or more specified categories of Trading Permit Holders or Trading Permit Holder activities in a jurisdiction or be contingent upon the satisfaction of specified conditions by all applicants from a jurisdiction to the extent such limits or conditions are necessary to satisfy clauses (A) through (D);

(2) will be subject to the jurisdiction of the federal courts of the United States and the courts of the state of Illinois; and

(3) prior to acting as agent for a customer, must be able to provide information regarding the customer and the customer's trading activities to the Exchange in response to a regulatory request for information pursuant to the Rules. To the extent an individual or organization is required by an applicable law, rule or regulation to obtain written consent from a customer to permit the provision of this information to the Exchange, the applicant must obtain such consent.

(b) The Exchange may at any time determine that a Trading Permit Holder can no longer comply with this Rule 3.5. In that event, the Trading Permit Holder will have three months following the date of that determination to come into compliance with this Rule 3.5. If a Trading Permit Holder does not come into compliance during that time period, the Exchange may terminate the Trading Permit Holder's status as a Trading Permit Holder.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.6. Denial of and Conditions to Being a TPH or Associated with a TPH

(a) The Exchange shall deny a person from becoming a Trading Permit Holder where the person has failed a required qualification exam.

(b) The Exchange may deny a person from becoming (or may condition being) a Trading Permit Holder or may prevent a person from becoming associated (or may condition an association) with a Trading Permit Holder for the same reasons that the Securities and Exchange Commission may deny or revoke a broker-dealer registration and for those reasons required or allowed under the Exchange Act.

(c) The Exchange also may deny a person from becoming (or may condition being) a Trading Permit Holder or may prevent a person from becoming associated (or may condition an association) with a Trading Permit Holder when the applicant:

(1) is a broker-dealer and (A) has a net worth (excluding personal assets) below $25,000 if the applicant is an individual, (B) has a net worth (excluding personal assets) below $50,000 if the applicant is an organization, (C) has financial difficulties involving an amount that is more than 5% of the applicant's net worth, or (D) has a pattern of failure to pay just debts;

(2) is unable satisfactorily to demonstrate a capacity to adhere to all applicable Exchange, Securities and Exchange Commission, Clearing Corporation, and Federal Reserve Board policies, rules, and regulations, including those concerning record-keeping, reporting, finance, and trading procedures;

(3) would bring the Exchange into disrepute; or

(4) for such other cause as the Exchange reasonably may decide.

(d) The Exchange may determine not to permit a Trading Permit Holder or person associated with a Trading Permit Holder to continue being a Trading Permit Holder or associated with a Trading Permit Holder or may condition such continuance as a Trading Permit Holder or associated person, if the Trading Permit Holder or associated person:

(1) fails to meet any of the qualification requirements for being a Trading Permit Holder or associated with a Trading Permit Holder after approval as a Trading Permit Holder or associated person;

(2) fails to meet any condition placed by the Exchange on being a Trading Permit Holder or associated with a Trading Permit Holder; or

(3) violates any agreement with the Exchange.

(e) Any decision made by the Exchange pursuant to paragraph (a), (b), (c), or (d) of this Rule must be consistent with both the provisions of this Rule and the provisions of the Exchange Act.

(f) Any applicant who has been denied from becoming a Trading Permit Holder or associated with a Trading Permit Holder or has condition(s) imposed on becoming a Trading Permit Holder or associated with a Trading Permit Holder pursuant to paragraph (a), (b), or (c) of this Rule, and any Trading Permit Holder or person associated with a Trading Permit Holder who is not permitted to continue being a Trading Permit Holder or associated with a Trading Permit Holder or whose continuance as a Trading Permit Holder or associated person is conditioned pursuant to paragraph (d) of this Rule, may appeal the Exchange's decision under Chapter 15. No determination of the Exchange to discontinue or condition a person as a Trading Permit Holder or associated person pursuant to paragraph (d) of this Rule shall take effect until the review procedures under Chapter 15 have been exhausted or the time for review has expired.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.7. Persons Associated with TPH Organizations

(a) Persons associated with TPH organizations shall be bound by the Bylaws and Rules of the Exchange and of the Clearing Corporation. The Exchange may bar a person from becoming or continuing to be associated with a TPH organization if such person does not agree in writing, in a manner and form prescribed by the Exchange, to furnish the Exchange with information with respect to such person's relationship and dealings with the TPH organization, and information reasonably related to such person's other securities business, as may be required by the Exchange, and to permit the examination of its books and records by the Exchange to verify the accuracy of any information so supplied.

(b) Each associated person of a TPH organization that is required to be disclosed on Exchange Act Form BD as a direct owner or executive officer is required to submit to the TPH Department, pursuant to Rule 3.10, an application for approval to become associated with the TPH organization in that capacity. No person may become associated with a TPH organization in the capacity of a direct owner or executive officer that is required to be disclosed on Form BD unless and until the Exchange approves that association.

(c) A claim of any associated person required to be approved by the Exchange pursuant to paragraph (b) of this Rule against the TPH organization with which that person is associated shall be subordinate in right of payment to customers and other Trading Permit Holders.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.8. Certain Documents Required of TPHs, Applicants, and Associated Persons

(a) Each Trading Permit Holder and Trading Permit Holder applicant shall promptly file the following documents with the TPH Department:

> (1) each TPH organization and TPH organization applicant that is a corporation shall promptly file with the TPH Department a copy of the articles or certificate of incorporation of the organization, the by-laws of the organization, and all amendments to those documents;

(2) each TPH organization and TPH organization applicant that is a partnership shall promptly file with the TPH Department a copy of any registration certificate of the organization, the partnership agreement of the organization, and all amendments to those documents;

(3) each TPH organization and TPH organization applicant that is a limited liability company shall promptly file with the TPH Department a copy of the registration certificate of the organization, the operating agreement of the organization, and all amendments to those documents;

(4) each TPH organization and TPH organization applicant shall promptly file with the TPH Department any other documents relating to the registration, governance, capital structure, or ownership of the organization that are requested by the Exchange; and

(5) each Trading Permit Holder and Trading Permit Holder applicant shall promptly file with the TPH Department any other documents requested by the Exchange that are reasonably related to that Trading Permit Holder's business on the Exchange or proposed business on the Exchange.

(b) Each Trading Permit Holder and Trading Permit Holder applicant shall promptly file with the TPH Department its business and residence addresses, an address where notices may be served, and any changes to this information.

(c) Each Trading Permit Holder shall comply with the provisions of Exchange Act Section 17(f) and Exchange Act Rule 17f-2 respecting the fingerprinting of the Trading Permit Holder and its covered employees. Each Trading Permit Holder applicant and its covered employees shall also be fingerprinted in accordance with those provisions.

(d) Each Trading Permit Holder and Trading Permit Holder applicant that is a registered broker or dealer pursuant to Section 15 of the Exchange Act shall complete Exchange Act Form BD and keep its Form BD current by promptly completing any required amendments to its Form BD. Each Trading Permit Holder or applicant that is a registered broker-dealer shall also promptly file with the TPH Department, in a manner prescribed by the Exchange, its Form BD and all required amendments thereto.

(e) in a manner and form prescribed by the Exchange, each Trading Permit Holder, Trading Permit Holder applicant, and associated person required to be approved by the Exchange pursuant to Rule 3.7(b) shall pledge to abide by the Bylaws and Rules of the Exchange, as from time to time amended, and by all circulars, notices, directives, or decisions adopted pursuant to or made in accordance with the Bylaws and Rules.

(f) All documents filed with the TPH Department by Trading Permit Holders, applicants, and associated persons shall be subject to review by the Exchange; however, no action or failure to act by the Exchange shall be construed to mean that the Exchange has in any way passed on the investment merits of the Trading Permit Holder, applicant, or associated person, or the adequacy of disclosure given to investors by the Trading Permit Holder, applicant, or associated person, or that the Exchange has in any other way given approval to any such document.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.9. Responsible Persons and Nominees

(a) *Responsible Person.* Each TPH organization that is the holder of a Trading Permit that provides electronic access to the Exchange or that has associated with it an individual who holds a Trading Permit that provides electronic access to the Exchange in his or her name shall designate at least one individual as the Responsible Person for that TPH organization. The Responsible Person must be affiliated with the TPH organization. The "Responsible Person" shall represent the organization with respect to a TPH organization's electronic Trading Permit(s) in all matters relating to the Exchange. The Responsible Person must be a U.S.-based officer, director or management-level employee of the TPH organization, who is responsible for the direct supervision and control of Associated Persons of that TPH organization. A Responsible Person for a Foreign Trading Permit Holder does not need to be U.S.-based, but must be an individual registered in Web CRD.

(b) *Nominees.* Each TPH organization that is the holder of a Trading Permit or that has associated with it an individual who holds a Trading Permit in his or her name shall be subject to the following provisions:

(1) the TPH organization must designate an individual nominee to represent the organization with respect to each Floor Broker Trading Permit or Market-Maker Floor Trading Permit in all matters relating to the Exchange;

(2) each nominee of a TPH organization designated pursuant to subparagraph (b)(1) of this Rule is required to be registered as a Floor Broker if holding a Floor Broker Trading Permit or a Market-Maker if holding a Market-Making Trading Permit;

(3) a nominee may have authorized trading functions only on behalf of one TPH organization;

(4) a nominee may perform trading functions only on behalf of the TPH organization for which the person is approved by the Exchange to perform such functions and may not perform trading functions on the person's own behalf or on behalf of another TPH organization; and

(5) each nominee of a TPH organization designated pursuant to subparagraph (b)(1) of this Rule must be approved to be a Trading Permit Holder in accordance with the Rules.

(c) A TPH organization shall, in a manner and form prescribed by the Exchange:

(1) authorize each of its Responsible Persons and/or nominees to represent the organization with respect to all matters relating to the Exchange;

(2) agree to be responsible for all obligations arising out of each of its Responsible Persons and/or nominees' representation of the TPH organization in all matters relating to the Exchange; and

(3) agree to guarantee payment of all monetary disciplinary sanctions assessed against each of its Responsible Persons and/or nominees with respect to activity that takes place while that individual is a Responsible Person and/or nominee of the organization.

The responsibility of the TPH organization pursuant to subparagraph (c)(2) of this Rule shall include all obligations to the Exchange and all obligations to other Trading Permit Holders resulting from Exchange transactions or transactions in other securities made by such a nominee on behalf of the TPH organization. A Responsible Person and/or nominee shall not, solely by virtue of being a Responsible Person or nominee of a TPH organization, have any personal liability to the Exchange or to any other Trading Permit Holder for Exchange transactions and other securities transactions made by the Responsible Persons or nominee on behalf of the TPH organization.

(d) Notwithstanding the provisions of subparagraph (b)(4) of this Rule, a nominee may act as an independent Market-Maker and/or an independent Floor Broker if the following 4 requirements are satisfied:

(1) the person obtains the prior written approval to do so, in a manner and form prescribed by the Exchange, from the TPH organization for which the person is approved by the Exchange to perform trading functions;

(2) the TPH organization for which the person is approved by the Exchange to perform trading functions agrees, in a manner and form prescribed by the Exchange, to guarantee all obligations arising out of that person's activities as an independent Market-Maker and/or an independent Floor Broker;

(3) the person is registered as a broker or dealer pursuant to Section 15 of the Exchange Act; and

(4) the person obtains the prior approval to act in this capacity from the Exchange.

A person who is approved to act as an independent Market-Maker and/or an independent Floor Broker pursuant to this paragraph (d) shall be personally responsible for all obligations arising out of those activities, and the TPH organization for which the person is approved by the Exchange to perform trading functions shall guarantee these obligations.

(e) A TPH organization may designate one or more inactive nominees. An "inactive nominee" of a TPH organization is an individual who is eligible to become an effective nominee of that organization with respect to any Floor Broker Trading Permit or Market-Maker Floor Trading Permit which the organization holds. The following requirements shall apply to inactive nominees:

(1) to become an inactive nominee of a TPH organization, an individual must be approved to be a Trading Permit Holder and become an effective nominee of the TPH organization, with authorized trading functions, within 90 days of the approval to be a Trading Permit Holder;

(2) an individual may be an inactive nominee of only one TPH organization;

(3) an inactive nominee shall have no rights or privileges of a Trading Permit Holder and shall have no right of access to the trading floor of the Exchange to trade as a Trading Permit Holder, unless and until the inactive nominee becomes an effective Trading Permit Holder pursuant to Rule 3.11; and

(4) if at any time an individual remains an inactive nominee for 9 consecutive months, the individual's eligibility to be a Trading Permit Holder will be terminated and the individual must reapply to be a Trading Permit Holder in order to again become eligible for inactive nominee status.

Interpretations and Policies

.01 Nothing in paragraph (c) of this Rule is intended to define or limit (i) any obligations between a Responsible Person or nominee of a TPH organization, and the TPH organization itself, (ii) any responsibility such a person may have for obligations of a TPH organization by virtue of a contractual obligation or ownership relationship to the organization beyond merely being a Responsible Person or nominee, or (iii) the ability of the Exchange to sanction or take other remedial action against such a person pursuant to other Exchange rules for rule violations or other activity for which remedial measures may be imposed.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.10. Application Procedures and Approval or Disapproval

(a) Any individual or organization desiring to become a Trading Permit Holder, any individual designated to act as a Responsible Person or nominee desiring to act in one or more of the trading functions authorized by the Rules, any associated person required to be approved by the Exchange pursuant to Rule 3.7(b), and any Trading Permit Holder desiring to change the Clearing Trading Permit Holder that guarantees the Trading Permit Holder's Exchange transactions shall submit an application to the TPH Department in a form and manner prescribed by the Exchange.

(b) Any required application fees must be filed with the application and are not refundable.

(c) Each applicant shall promptly update the application materials submitted to the TPH Department if any of the information provided in these materials becomes inaccurate or incomplete after the date of submission of the application to the TPH Department and prior to any approval of the application.

(d) The TPH Department shall investigate each applicant applying to be a TPH organization or individual TPH, each associated person required to be approved by the Exchange pursuant to Rule 3.7(b), and each applicant applying to be a Responsible Person or nominee (with the exception of any associated person applicant that is a current Trading Permit Holder, Responsible Person or nominee, any applicant that was a Trading Permit Holder, Responsible Person or nominee within 9 months prior to the date of receipt of that applicant's application by the TPH Department, and any Trading Permit Holder, Responsible Person, nominee or associated person applicant that was investigated by the TPH Department within 9 months prior to the date of receipt of that applicant's application by the TPH Department). The TPH Department may investigate any applicant that is not required to be investigated pursuant to this paragraph (d) and any other person or organization

that submits an application pursuant to paragraph (a) of this Rule. In connection with an investigation conducted pursuant to this paragraph (d), the Exchange may (i) conduct a fingerprint based criminal records check of the applicant or (ii) utilize the results of a fingerprint based criminal records check of the applicant conducted by the Exchange or another self-regulatory organization within the prior year.

(e) The Exchange may approve an application submitted pursuant to paragraph (a) of this Rule only if any investigation pursuant to paragraph (d) of this Rule has been completed.

(f) Each applicant that submits an application pursuant to paragraph (a) of this Rule and each person associated with the applicant shall submit to the TPH Department any additional information requested by the Exchange in connection with the Exchange's review of the application and may be required to appear before the Exchange for an in-person interview or interviews.

(g) Upon completion of the application process, the Exchange shall determine whether to approve or disapprove the application within 90 days, unless there is just cause for delay. One such just cause for delay is when an applicant is the subject of an inquiry, investigation, or proceeding conducted by a self-regulatory organization or governmental authority that involves the applicant's fitness to be a Trading Permit Holder, Responsible Person or nominee. In such an instance, the Exchange need not act on any application submitted by that applicant until the matter has been resolved.

(h) Written notice of the action regarding an application to become a Trading Permit Holder, Responsible Person or nominee, specifying in the case of disapproval of an application the grounds therefor, shall be provided to the applicant.

(i) If the application process is not completed within 6 months of the submission of the application and the appropriate fee(s), the application shall be deemed to be automatically withdrawn.

Interpretations and Policies

.01 The Exchange may disapprove the application of an organization if the Exchange determines that the name of the organization is confusingly similar to the name of an existing TPH organization. A TPH organization desiring to change the name of the organization shall submit an application to the TPH Department in a form and manner prescribed by the Exchange. As with TPH organization applicants, the Exchange may disapprove a name change requested by a TPH organization if the Exchange determines that the desired name is confusingly similar to the name of another TPH organization. For the purposes of this Interpretation and Policy .01, the name of an organization shall include both its official name and the name under which the organization conducts business.

.02 For purposes of this rule, "Exchange trading floor capacity" means any person who is acting on behalf of the Exchange in an Exchange trading floor capacity, such as a PAR Official or other similar function.

Rule 3.11. Effectiveness of TPH or Approved Associated Person Status

(a) Each applicant to be a Trading Permit Holder, Responsible Person or nominee, or for an approved associated person status pursuant to Rule 3.7(b) must become effective in that status within 90 days of the date of the applicant's approval for that status.

(b) An applicant to be a Trading Permit Holder shall become an effective Trading Permit Holder upon (i) satisfying the applicable requirements to obtain a Trading Permit and (ii) release of a Trading Permit to that Trading Permit Holder by the TPH Department.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.12. Educational Classes

Trading Permit Holders and persons associated with Trading Permit Holders must attend educational classes the Exchange may require from time to time. Failure to attend Exchange-mandated continuing educational classes may subject Trading Permit Holders and persons associated with Trading Permit Holders to sanctions pursuant to the Exchange's Minor Rule Violation Plan provided in Exchange Rule 13.15.

[Effective October 7, 2019 (SR-CBOE-2019-042)]

Rule 3.13. TPHs and Associated Persons Who Are or Become Subject to a Statutory Disqualification

(a) The Exchange may determine in accordance with the provisions of this Rule not to permit a Trading Permit Holder or associated person of a Trading Permit Holder to continue being a Trading Permit Holder or associated with a Trading Permit Holder, or to condition such continuance as a Trading Permit Holder or associated person, if the Trading Permit Holder or associated person is or becomes subject to a statutory disqualification under the Exchange Act.

(b) If a Trading Permit Holder or associated person of a Trading Permit Holder who is or becomes subject to a statutory disqualification under the Exchange Act wants to continue being a Trading Permit Holder or associated with a Trading Permit Holder, the Trading Permit Holder or associated person must, within 10 days of becoming subject to a statutory disqualification, submit an application to the TPH Department, in a form and manner prescribed by the Exchange, seeking to continue being a Trading Permit Holder or associated with a Trading Permit Holder notwithstanding the statutory disqualification. The application shall be accompanied by copies of all documents that are contained in the record of the underlying proceeding that triggered the statutory disqualification.

(c) Following the receipt of an application submitted pursuant to paragraph (b) of this Rule, or in the event the Exchange becomes aware that a Trading Permit Holder or associated person of a Trading Permit Holder is subject to a statutory disqualification and has failed to submit an application pursuant to paragraph (b) of this Rule within the required time period, the Exchange shall appoint a panel composed of three Trading Permit Holders to conduct a hearing concerning the matter pursuant to paragraph (f) of this Rule.

(d) Any person who is the subject of a proceeding under this Rule is entitled to be accompanied, represented, and advised by counsel at all stages of the proceeding.

(e) Any person who is the subject of a proceeding under this Rule and any Trading Permit Holder or associated person of a Trading Permit Holder shall promptly submit any information requested by the TPH Department or hearing panel in connection with the proceeding.

(f) The hearing panel shall hold a hearing to determine whether to permit the Trading Permit Holder or associated person of a Trading Permit Holder who is the subject of a proceeding under this Rule to continue being a Trading Permit Holder or associated with a Trading Permit Holder, and if so, whether to condition such continuance as a Trading Permit Holder or associated person. The hearing shall be held 14 or more days following the receipt of an application, or the initiation of a proceeding, pursuant to paragraph (c) of this Rule. The Exchange shall notify the subject of the proceeding in writing of the date, time, and location of the hearing. Both the subject of the proceeding and Exchange staff will be afforded an opportunity to present relevant information, arguments, and witnesses during the hearing. The hearing panel shall regulate the conduct of the hearing, and formal rules of evidence shall not apply. The subject of the proceeding shall be required to attend the hearing, and the TPH Department or hearing panel may require any Trading Permit Holder or associated person of a Trading Permit Holder to testify at the hearing. A verbatim record of the hearing shall be kept.

(g) Following the hearing, the hearing panel shall present its recommended decision to an Exchange designee, which may ratify or amend the decision. Failure to timely file an application pursuant to paragraph (b) of this Rule is a factor that may be taken into consideration in rendering the decision. The decision shall be in writing and set forth the basis for the decision. The decision shall be promptly provided to the subject of the proceeding under this Rule and to the Executive Committee. The Executive Committee may determine within 7 days after the issuance of the decision to order review of the decision. If the Executive Committee does not order review of the decision, the decision shall become the final decision of the Exchange.

(h) If the Executive Committee orders review of the decision, the review shall be conducted by the Executive Committee or a panel thereof composed of at least 3 members of the Executive Committee, whose decision must be ratified by the Executive Committee. Unless the Executive Committee shall decide to open the record for the introduction of additional information or argument, any determination to order review of the decision and any review of the decision shall be based solely on the record of the proceeding. The decision of the Executive Committee shall be in writing, shall be promptly provided to the subject of the proceeding, and shall be the final decision of the Exchange.

(i) No determination to discontinue or condition a person as a Trading Permit Holder or associated person pursuant to this Rule shall take effect until the review procedures under paragraph (h) of this Rule have been exhausted or the time for review has expired.

Interpretations and Policies

.01 The Exchange may waive the provisions of this Rule when a proceeding is pending before another self-regulatory organization to determine whether to permit a Trading Permit Holder or

associated person of a Trading Permit Holder to continue being a Trading Permit Holder or associated with the Trading Permit Holder notwithstanding a statutory disqualification. In the event the Exchange determines to waive the provisions of this Rule with respect to a Trading Permit Holder or associated person, the Exchange shall determine whether the Exchange will concur in any Exchange Act Rule 19h-1 filing made by another self-regulatory organization with respect to the Trading Permit Holder or associated person.

.02 If an associated person of a Trading Permit Holder is or becomes subject to a statutory disqualification under the Exchange Act, the Trading Permit Holder shall immediately provide written notice to the TPH Department of the name of the associated person, the person's capacity with the Trading Permit Holder, and the nature of the statutory disqualification.

.03 The Exchange may waive the hearing provisions of Rule 3.13 with respect to an associated person or Trading Permit Holder if the Exchange intends to grant the associated person's application for continued association or the Trading Permit Holder's application to continue as a Trading Permit Holder and either:

(a) Exchange Act Rule 19h-1(a)(2) or Exchange Act Rule 19h-1(a)(3) does not require the Exchange to make a notice filing with the Commission to permit the associated person to continue in association with a Trading Permit Holder or to permit the Trading Permit Holder to continue as a Trading Permit Holder; or

(b) the Exchange determines that it is otherwise appropriate to waive the hearing provisions of Rule 3.13 under the circumstances.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.14. Termination from TPH Status

The Trading Permit Holder status of a Trading Permit Holder shall automatically terminate at such time that the Trading Permit Holder does not possess a Trading Permit. The Trading Permit Holder status of a TPH organization shall also automatically terminate at such time that the TPH organization has no Responsible Person or nominee. Notwithstanding the foregoing, if the Exchange determines that there are extenuating circumstances, the Exchange may permit a Trading Permit Holder to retain the Trading Permit Holder's Trading Permit Holder status for such period of time as the Exchange deems reasonably necessary to enable the Trading Permit Holder to obtain a Trading Permit or a substitute Responsible Person or nominee.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.15. Dissolution and Liquidation of TPH Organizations

Every TPH organization shall promptly provide written notice to the Department of Financial and Sales Practice Compliance and to the TPH Department of any adoption of a plan of liquidation or dissolution of the TPH organization and of any actual liquidation or dissolution of the TPH organization. Upon receipt of such a notice, the Trading Permit Holder may be suspended in accordance with Chapter 12 of the Rules.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.16. Obligations of Terminating TPHs

Each terminating Trading Permit Holder shall promptly (i) return to the Exchange all Exchange badges, including trading and access badges, that were issued to the Trading Permit Holder by the Exchange with respect to that Trading Permit Holder's terminating Trading Permit Holder status, (ii) make any outstanding filings required under Exchange rules, and (iii) pay any outstanding fees, assessments, charges, fines, or other amounts due to the Exchange, the Securities and Exchange Commission, or the Securities Investor Protection Corporation.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.17. Extension of Time Limits

Any time limit imposed on an applicant, Trading Permit Holder, or other person under this Chapter may be extended by the Exchange in the event that the Exchange determines that such an extension is warranted due to extenuating circumstances.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.18. Ownership Concentration and Affiliation Limitation

(a) Concentration Limitation. For purposes of this paragraph (a), and unless the context otherwise requires, the terms "Affiliate", "Share", and "Percentage Interest" shall have the same meaning specified in the Cboe Options Stock Exchange, LLC ("CBSX LLC") Operating Agreement. For as long as CBSX LLC operates as a facility of the Exchange, no Trading Permit Holder, either alone or together with its Affiliates, at any time, may own, directly or indirectly, of record or beneficially, an aggregate amount of Shares that would result in a greater than twenty percent (20%) Percentage Interest in CBSX LLC (the "Concentration Limitation").

(b) Disciplinary Action. A Trading Permit Holder shall have 180 days to cure an inadvertent violation of paragraph (a) of this Rule. In the event such violation is not cured during such time, the Trading Permit Holder shall have all trading rights and privileges suspended on CBSX LLC, and shall also be subject to any appropriate disciplinary action, including action for the failure of such Trading Permit Holder to enter into the CBSX LLC Operating Agreement.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

SECTION B. TPH REGISTRATION

Rule 3.30. Qualification and Registration of Trading Permit Holders and Associated Persons

(a) *Registration of Individual Trading Permit Holders and Individual Associated Persons Engaged in the Securities Business*.

(1) Individual Trading Permit Holders and individual associated persons engaged or to be engaged in the securities business of a Trading Permit Holder or TPH organization shall be registered with the Exchange in the category of registration appropriate to the function to be performed as prescribed by the Exchange. Before the registration can become effective, the individual Trading Permit Holder or individual associated person shall submit the appropriate application for registration, pass a qualification examination appropriate to the category of registration as prescribed by the Exchange and submit any required registration and examination fees. A Trading Permit Holder or TPH organization shall not maintain a registration with the Exchange for any person (1) who is no longer active in the Trading Permit Holder's or TPH organization's securities business; (2) who is no longer functioning in the registered capacity; or (3) where the sole purpose is to avoid an examination requirement. A Trading Permit Holder or TPH organization shall not make application for the registration of any person where there is no intent to employ that person in the Trading Permit Holder's or TPH organization's securities business. A Trading Permit Holder or TPH organization may, however, maintain or make application for the registration of an individual who performs legal, compliance, internal audit, back-office operations, or similar responsibilities for the Trading Permit Holder or TPH organization, or a person who performs administrative support functions for registered personnel, or a person engaged in the securities business of a foreign securities affiliate or subsidiary of the Trading Permit Holder or TPH organization.

(2) *Persons Exempt from Registration*. The following individual Trading Permit Holders and individual associated persons of Trading Permit Holders are exempt from the registration requirements set forth in paragraph (1):

(A) individual associated persons whose functions are solely and exclusively clerical or ministerial;

(B) individual Trading Permit Holders and individual associated persons who are not actively engaged in the securities business;

(C) individual Trading Permit Holders and individual associated persons whose functions are related solely and exclusively to the Trading Permit Holder's or TPH organization's need for nominal corporate officers or for capital participation;

(D) individual associated persons that are restricted from accessing the Exchange (physically and electronically) and that do not engage in the securities business of the Trading Permit Holder or TPH organization relating to activity that occurs on the Exchange;

(E) individual associated persons whose functions are related solely and exclusively to:

(i) transactions in commodities;

(ii) transactions in security futures; and/or

(iii) effecting transactions on the floor of another national securities exchange and who are registered as floor members with such exchange.

(b) *Financial/Operations Principal.* Each Trading Permit Holder or TPH organization subject to Exchange Act Rule 15c3-1 shall designate a Financial/Operations Principal. The duties of a Financial/Operations Principal shall include taking appropriate actions to assure that the Trading Permit Holder or TPH organization complies with applicable financial and operational requirements under the Rules and the Exchange Act, including but not limited to those requirements relating to the submission of financial reports and the maintenance of books and records. Each Financial/Operations Principal is required to have successfully completed the Financial and Operations Principal Examination (Series 27 Exam). Each Financial/Operations Principal designated by a Trading Permit Holder or TPH organization shall be registered in that capacity with the Exchange as prescribed by the Exchange. A Financial/Operations Principal of a Trading Permit Holder or TPH organization may be a full-time employee, a part-time employee or independent contractor of the Trading Permit Holder or TPH organization. Trading Permit Holders and TPH organizations for which the Exchange is the DEA must provide prompt written notice to the Exchange for each person designated as a Financial/Operations Principal reporting whether such person is a full-time employee, part-time employee, independent contractor, or has any outside business affiliations.

(c) *Chief Compliance Officer*. Each Trading Permit Holder and TPH organization that is a registered broker-dealer shall designate a Chief Compliance Officer on Schedule A of Form BD. An individual designated as a Chief Compliance Officer is required to register with the Exchange and pass the appropriate heightened qualification examination(s) as prescribed by the Exchange. A person who has been designated as a Chief Compliance Officer on Schedule A of Form BD for at least two years immediately prior to January 1, 2002, and who has not been subject within the last ten years to any statutory disqualification as defined in Section 3(a)(39) of the Act; a suspension; or the imposition of a fine of $5,000 or more for a violation of any provision of any securities law or regulation, or any agreement with, rule or standard of conduct of any securities governmental agency, securities self-regulatory organization, or as imposed by any such regulatory or self-regulatory organization in connection with a disciplinary proceeding shall be required to register in the category of registration appropriate to the function to be performed as prescribed by the Exchange, but shall be exempt from the requirement to pass the heightened qualification examination as prescribed by the Exchange.

(d) *Other Registrations Required Under Chapter 3*. Individual associated persons of a TPH organization that conducts a public customer business must also comply with the registration requirements set forth in this Chapter 3. These additional registration categories include: (i) Registered Options Principal; and (ii) Registered Representative.

(e) Requirement for Examination on Lapse of Registration. Any person whose registration has been revoked by the Exchange as a disciplinary sanction or whose most recent registration has been terminated for two or more years immediately preceding the date of receipt by the Exchange of a new application shall be required to pass a qualification examination appropriate to the category of registration as prescribed by the Exchange. Any person who last passed the Securities Industry Essentials Examination ("SIE") or who was last registered as a representative, whichever occurred last, four or more years immediately preceding the date of receipt by the Exchange of a

new application for registration as a representative shall be required to pass the SIE in addition to a representative qualification examination appropriate to his or her category of registration.

Interpretations and Policies

.01 Each individual required to register under this Rule shall electronically file a Uniform Application for Securities Industry Registration ("Form U-4") through Web CRD.

.02 Each individual required to register under this Rule shall electronically submit to Web CRD any required amendments to Form U-4.

.03 Any Trading Permit Holder or TPH organization that discharges or terminates the employment or retention of an individual required to register under this Rule shall comply with the termination filing requirements set forth in Rule 3.38.

.04 Each individual required to register under this Rule is required to satisfy the continuing education requirements set forth in Rule 3.33 or any other applicable continuing education requirements as prescribed by the Exchange.

.05 The Exchange may, in exceptional cases and where good cause is shown, waive the applicable qualification examination and accept other standards as evidence of an applicant's qualifications for registration. Advanced age or physical infirmity will not individually of themselves constitute sufficient grounds to waive a qualification examination. Experience in fields ancillary to the securities business may constitute sufficient grounds to waive a qualification examination.

.06 For purposes of paragraph (a)(1) above, the Exchange shall consider an individual Trading Permit Holder or an individual associated person to be engaged in the securities business of a Trading Permit Holder or TPH organization if:

(a) the individual Trading Permit Holder or individual associated person engages in one or more of the following activities in the capacity of a Trading Permit Holder or on behalf of the associated Trading Permit Holder or TPH organization:

(1) proprietary trading;

(2) market-making;

(3) effecting transactions on behalf of a broker-dealer;

(4) supervision or monitoring of proprietary trading, market-making, or brokerage activities;

(5) supervision or training of those engaged in proprietary trading, market-making, or brokerage activities with respect to those activities; or

(b) the individual Trading Permit Holder or individual associated person engages in the management of one or more of the activities enumerated in subparagraphs (1) through (5) above as an officer, partner or a director.

.07 Each Trading Permit Holder and TPH organization must register with the Exchange in a heightened capacity each individual acting in any of the following capacities: (i) officer; (ii) partner; (iii) director; (iv) supervisor of proprietary trading, market-making or brokerage activities; and/or (v) supervisor of those engaged in proprietary trading, market-making or brokerage activities with respect to those activities. Each Trading Permit Holder or TPH organization must register with the Exchange at least two individuals acting in one or more of the capacities described in (i)-(v) above. The Exchange may waive this requirement if a Trading Permit Holder or TPH organization demonstrates conclusively that only one individual acting in one or more of the capacities described in (i) through (v) above should be required to register. In addition, a Trading Permit Holder or TPH organization that conducts proprietary trading only and has 25 or fewer registered persons shall instead be required to have a minimum of one officer or partner who is registered in this capacity.

For purposes of this Interpretation and Policy .07 to Rule 3.30, a Trading Permit Holder or TPH organization shall be considered to conduct only proprietary trading if the Trading Permit Holder or TPH organization has the following characteristics:

(a) The Trading Permit Holder or TPH organization is not required by Section 15(b)(8) of the Exchange Act to become a FINRA member but is a member of another registered securities exchange not registered solely under Section 6(g) of the Exchange Act;

(b) All funds used or proposed to be used by the Trading Permit Holder or TPH organization are the Trading Permit Holder's or TPH organization's own capital, traded through the Trading Permit Holder's or TPH organization's own accounts;

(c) The Trading Permit Holder or TPH organization does not, and will not, have customers; and

(d) All persons registered on behalf of the Trading Permit Holder or TPH organization acting or to be acting in the capacity of a trader must be owners of, employees of, or contractors to the Trading Permit Holder or TPH organization.

.08

(a) An individual Trading Permit Holder or individual associated person who:

(1) is engaged in proprietary trading, market-making and/or effecting transactions on behalf of a broker-dealer is required to register and qualify as a Securities Trader (TD) in Web CRD and pass the SIE;

(2)

(A) supervises or monitors proprietary trading, market-making and/or brokerage activities for broker-dealers;

(B) supervises or trains those engaged in proprietary trading, market-making and/or effecting transactions on behalf of a broker-dealer, with respect to those activities; and/or

(C) is an officer, partner or director of a Trading Permit Holder or TPH organization is required to register and qualify as a Securities Trader Principal (TP) in Web CRD and satisfy the prerequisite registration and qualification requirements; and

(3) is a Chief Compliance Officer (or performs similar functions) for a Trading Permit Holder or TPH organization that engages in proprietary trading, market-making or effecting transactions on behalf of a broker-dealer is required to register and qualify as a Securities Trader Compliance Officer (CT) in Web CRD and satisfy the prerequisite registration and qualification requirements.

(b) The following sets forth the qualification requirements for each of the required registration categories described in paragraph (a) to Interpretation and Policy .08:

CATEGORY OF REGISTRATION	QUALIFICATION EXAMINATION(S)	ALTERNATIVE ACCEPTABLE QUALIFICATIONS
Securities Trader (TD)	Series 57 and SIE	
Securities Trader Principal (TP)**	Series 24	General Securities Sales Supervisor Registration and General Securities Principal - Sales Supervisor Module Registration (Series 9/10 and Series 23)*
Securities Trader Compliance Officer (CT)	Series 14	General Securities Principal Registration (GP) or Securities Trader Principal (TP) (Series 24)

*Because the Series 23 is not available in Web CRD, each applicant must provide documentation of a valid Series 23 license to the Registration Services Department upon request for the Series 24 registration in Web CRD.

**Securities Trader Principals' (TP) supervisory authority is limited to supervision of the securities trading functions of TPHs, as described in paragraph (a)(2) of Interpretation and Policy .08 to Rule 3.30, and supervision of officers, partners, and directors of a TPH or TPH organization.

.09 Any person who is in good standing as a representative with the Financial Conduct Authority in the United Kingdom or with a Canadian stock exchange or securities regulator shall be exempt from the requirement to pass the SIE.

.10 An individual Trading Permit Holder or individual associated person who is required to register pursuant to Rule 3.30 must satisfy all registration and qualification requirements in Web

CRD prior to acting in such registered capacity on behalf of a Trading Permit Holder or TPH organization.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.33. Continuing Education for Registered Persons

(a) *Regulatory Element*. No Trading Permit Holder or TPH organization shall permit any registered person to continue to, and no registered person shall continue to, perform duties as a registered person, unless such person has complied with the continuing education requirements of paragraph (a) of this Rule.

Each registered person shall complete the Regulatory Element of the continuing education program beginning with the occurrence of their second registration anniversary date and every three years thereafter, or as otherwise prescribed by the Exchange. On each occasion, the Regulatory Element must be completed within one hundred twenty days after the person's registration anniversary date. A person's initial registration date, also known as the "base date", shall establish the cycle of anniversary dates for purposes of this Rule. The content of the Regulatory Element of the program shall be determined by the Exchange for each registration category of persons subject to the Rule.

(1) *Failure to Complete*. Unless otherwise determined by the Exchange, any registered persons who have not completed the Regulatory Element of the program within the prescribed time frames will have their registration deemed inactive until such time as the requirements of the program have been satisfied. Any person whose registration has been deemed inactive under this Rule shall cease all activities as a registered person and is prohibited from performing any duties and functioning in any capacity requiring registration. The Exchange may, upon application and a showing of good cause, allow for additional time for a registered person to satisfy the program requirements.

(2) *Disciplinary Actions*. Unless otherwise determined by the Exchange, a registered person will be required to re-take the Regulatory Element and satisfy all of its requirements in the event such person:

(A) becomes subject to any statutory disqualification as defined in Section 3(a)(39) of the Exchange Act;

(B) becomes subject to suspension or to the imposition of a fine of $5,000 or more for violation of any provision of any securities law or regulation, or any agreement with or rule or standard of conduct of any securities governmental agency, securities self-regulatory organization, or as imposed by any such regulatory or self-regulatory organization in connection with a disciplinary proceeding; or

(C) is ordered as a sanction in a disciplinary action to re-take the Regulatory Element by any securities governmental agency or securities self-regulatory organization.

A re-taking of the Regulatory Element shall commence with participation within 120 days of the registered person becoming subject to the statutory disqualification, in the case of (A) above, or the disciplinary action becoming final, in the case of (B) or (C) above. The date that the disciplinary action becomes final will be deemed the person's new base date for purposes of this Rule.

(3) *Required Programs*. For purposes of this Rule, the Exchange offers the following Regulatory Elements for Exchange registered persons: the S201 Supervisor Program for registered principals and supervisors; and the S106 General Program for Registered Persons.

(b) *Delivery of Regulatory Element*. The continuing education Regulatory Element set forth in paragraph (a) of this Rule will be administered through Web-based delivery or such other technological manner and format as specified by the Exchange.

(c) *Firm Element*.

(1) *Persons Subject to the Firm Element*. The requirements of paragraph (c) of this Rule shall apply to any registered person who prior to January 4, 2016 has a Series 56 registration or, effective January 4, 2016, any registered person who has a Series 57 registration or any associated person who has direct contact with customers in the conduct of the Trading Permit Holder's or TPH organization's securities sales, trading or investment banking activities, and to the immediate supervisors of such persons (collectively, "covered registered persons").

(2) *Standards*.

(A) *General*. Each Trading Permit Holder and TPH organization must maintain a continuing and current education program for its covered registered persons to enhance their securities knowledge, skills and professionalism. At a minimum, each Trading Permit Holder and TPH organization shall at least annually evaluate and prioritize its training needs and develop a written training plan. The plan must take into consideration the Trading Permit Holder's and TPH organization's size, organizational structure, and scope of business activities, as well as regulatory developments and the performance of covered registered persons in the Regulatory Element. If a Trading Permit Holder or TPH organization's analysis determines a need for supervisory training for persons with supervisory responsibilities such training must be included in the Trading Permit Holder or TPH organization's training plan.

(B) *Minimum Standards for Training Programs*. Programs used to implement a Trading Permit Holder's or TPH organization's training plan must be appropriate for the business of the Trading Permit Holder or TPH organization and, at a minimum, must cover the following matters concerning securities products, services and strategies offered by the Trading Permit Holder or TPH organization:

(i) General investment features and associated risk factors;

(ii) Suitability and sales practice considerations; and

(iii) Applicable regulatory requirements.

(C) *Administration of Continuing Education Program*. Each Trading Permit Holder and TPH organization must administer its continuing education program in accordance with its annual evaluation and written plan and must maintain records documenting the content of the programs and completion of the programs by covered registered persons.

(3) *Participation in the Firm Element*. Covered registered persons included in a Trading Permit Holder's or TPH organization's plan must take all appropriate and reasonable steps to participate in continuing education programs as required by the Trading Permit Holder or TPH organization.

(4) *Specific Training Requirements*. The Exchange may require a Trading Permit Holder or TPH organization, either individually or as part of a larger group, to provide specific training to its covered registered persons in such areas the Exchange deems appropriate. Such a requirement may stipulate the class of covered registered persons for which it is applicable, the time period in which the requirement must be satisfied and, where appropriate, the actual training content.

(d) *Registered Person*. For purposes of this Rule, the term "registered person" means any Trading Permit Holder, registered representative or other person registered or required to be registered under Exchange rules.

(e) *Customer*. For purposes of this Rule, the term "customer" means any natural person or any organization, other than a registered broker or dealer, executing transactions in securities or other similar instruments with or through, or receiving investment banking services from, a Trading Permit Holder or TPH organization.

(f) *Reassociation*. Any registered person who has terminated association with a registered broker or dealer and who has, within two years of the date of termination, become reassociated in a registered capacity with a registered broker or dealer shall participate in the Regulatory Element of the continuing education program at such intervals that apply (second registration anniversary—and every three years thereafter) based on the initial registration anniversary date, rather than based on the date of reassociation in a registered capacity.

Any former registered person who becomes reassociated in a registered capacity with a registered broker or dealer more than two years after termination as such will be required to satisfy the program's requirements in their entirety on three occasions, based on the most recent registration date.

(g) *Inactive Registration*. A registration that is deemed inactive for a period of two calendar years pursuant to subparagraph (a)(2) of this Rule for failure of a registered person to complete the Regulatory Element, shall be terminated. A person whose registration is so terminated may become registered only by reapplying for registration and satisfying applicable registration and qualification requirements of the Rules.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 3.35. Exchange Approval

An individual Trading Permit Holder may not transact business with the public. A TPH organization may transact business with the public after an application, submitted on a form prescribed by the Exchange, has been approved by the Exchange. Approval to transact business with the public shall be based on a TPH organization's meeting the general requirements set forth in this Chapter 3, Section B and Chapter 9, and the net capital requirements set forth in Chapter 11 of the Rules, and such approval may be withdrawn if any of the requirements cease to be met. Specific approval for a firm to conduct a public business in Government securities options is required under this Rule.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 3.36. Registration of Options Principals

(a) *General*. No TPH organization shall be approved to transact options business with the public until those persons associated with it who are designated as Options Principals have been approved by and registered with the Exchange. Persons engaged in the supervision of options sales practices or a person to whom the designated general partner or executive officer (pursuant to Rule 9.2) or another Registered Options Principal delegates the authority to supervise options sales practices shall be designated as Options Principals. This Rule requires registration of Debt Registered Options Principals for firms conducting a public business in Government securities options. In connection with their registration, Options Principals shall electronically file a Uniform Application for Securities Industry Registration or Transfer (Form U-4) with Web CRD, shall successfully complete an examination prescribed by the Exchange for the purpose of demonstrating an adequate knowledge of the options business and of the Rules of the Exchange, and shall further agree in the U-4 filing to abide by the Bylaws and Rules of the Exchange and the Rules of the Clearing Corporation.

Any person required to complete Form U-4 shall promptly electronically file any required amendments to Form U-4 with Web CRD. Termination of employment or affiliation of any Registered Options Principal in such capacity shall be promptly electronically reported to Web CRD together with a brief statement of the reason for such termination on Form U-5.

(b) *Individuals Supervising Options Sales Practices*. Individuals engaged in the supervision of options sales practices and designated as Options Principals are required to qualify as an Options Principal by passing the Registered Options Principals Examination (Series 4) or the Sales Supervision Examination (Series 9/10).

(c) *Individuals Reviewing Acceptance of Discretionary Accounts*. Individuals who are delegated responsibility pursuant to Rule 9.2 for reviewing the acceptance of discretionary accounts, for approving exceptions to a TPH organization's criteria or standards for uncovered options accounts, and for approval of communications, shall be designated as Options Principals and are required to qualify as an Options Principal by passing the Registered Options Principal Examination (Series 4).

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 3.37. Registration and Termination of Representatives

(a) *Registration*. No TPH organization shall be approved to transact business with the public until those persons associated with it who are designated as Representatives have been approved by and registered with the Exchange. Persons who perform duties for the TPH organization which are customarily performed by sales representatives, solicitors, or branch office managers shall be designated as Representatives. In connection with their registration, Representatives shall electronically file a Uniform Application for Securities Industry Registration or Transfer (Form U-4) with Web CRD by appropriately checking the Cboe Options as a requested registration on the electronic U-4 filing, and shall successfully complete an examination for the purpose of demonstrating an adequate knowledge of the securities business, and shall further agree in the U-4 filing to abide by the Bylaws and Rules of the Exchange and the Rules of the Clearing Corporation. Any person required to complete Form U- 4 shall promptly electronically file any required amendments to Form U-4 with Web CRD.

(b) *Termination - Filing of U-5's*. The discharge or termination of employment of any registered person, together with the reasons therefor, shall be electronically reported to Web CRD by a TPH organization immediately following the date of termination, but in no event later than 30 days following termination, on a Uniform Termination Notice for Securities Industry Registration (Form U-5). A copy of the Form U-5 shall be provided concurrently to the person whose association has been terminated.

(c) *Termination - Filing of amended U-5's*. The TPH organization shall electronically report to Web CRD, by means of an amendment to the Form U-5 filed pursuant to paragraph (b) above, in the event that the TPH organization learns of facts or circumstances causing any information set forth in the Form U-5 to become inaccurate or incomplete. Such amendment shall be provided concurrently to the person whose association has been terminated no later than 30 days after the TPH organization learns of the facts or circumstances giving rise to the need for the amendment.

(d) *Examinations*. A person accepting orders from non-Trading Permit Holder customers (unless such customer is a broker-dealer registered with the Securities and Exchange Commission) is required to register with the Exchange and to be qualified by passing the General Securities Representatives Examination (Series 7) and pass the Securities Industry Essentials Examination ("SIE").

(e) *Exemption*. Any person who is in good standing as a representative with the Financial Conduct Authority in the United Kingdom or with a Canadian stock exchange or securities regulator shall be exempt from the requirement to pass the SIE.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 3.38. Other Affiliations of Registered Associated Persons

(a) No person associated with a Trading Permit Holder in any registered capacity shall be employed by, or accept compensation from, any other person or entity as a result of any business activity, other than a passive investment, outside the scope of his/her relationship with his/her employer firm, unless the person has provided prompt written notice to the Trading Permit Holder and has received prior written consent of the Trading Permit Holder.

(b) Except with the prior written consent of the Trading Permit Holder and prompt written notice to the Exchange, every Registered Options Principal, Sales Supervisor, and Financial/Operations Principal registered with a Trading Permit Holder for which the Exchange is the DEA shall devote his/her entire time during business hours to the business of the TPH organization employing or compensating him/her.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 3.39. Discipline, Suspension, Expulsion of Registered Persons

The Exchange may discipline, suspend or terminate the registration of any Registered Representative or Registered Options Principal for violation of the Bylaws or Rules of the Exchange or the Rules of the Clearing Corporation.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 3.40. Branch Offices of TPH Organizations

(a) *Branch Office List.* Every TPH organization approved to do options business with the public under this Chapter shall file with the Exchange and keep current a list of each of its branch offices showing the location of each such office and the name of the manager of each such office.

(b) *Registered Branch Office Manager*. No branch office of a TPH organization shall transact options business with the public unless the manager of such branch office has been qualified as a Registered Options Principal; provided, that this requirement shall not apply to branch offices in which not more than three Registered Representatives are located so long as the TPH organization can demonstrate that the options activities of such branch offices are appropriately supervised by a Registered Options Principal.

(c) *Definition of Branch Office*. A "branch office" is any location where one or more associated persons of a Trading Permit Holder or TPH organization regularly conduct the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of any security, or is held out as such, excluding:

(1) any location that is established solely for customer service and/or back office type functions where no sales activities are conducted and that is not held out to the public as a branch office;

(2) any location that is the associated person's primary residence; provided that: (A) only one associated person, or multiple associated persons, who reside at that location and are members of the same immediate family, conduct business at the location; (B) the location is not held out to the public as an office and the associated person does not meet with customers at the location; (C) neither customer funds nor securities are handled at that location; (D) the associated person is assigned to a designated branch office, and such branch office is reflected on all business cards, stationery, advertisements and other communications to the public by such associated person; (E) the associated person's correspondence and communications with the public are subject to all supervisory provisions of the Exchange's rules; (F) electronic communications (e.g., e-mail) are made through the Trading Permit Holder's or TPH organization's electronic system; (G) all orders are entered through the designated branch office or an electronic system established by the Trading Permit Holder or TPH organization that is reviewable at the branch office; (H) written supervisory procedures pertaining to supervision of sales activities conducted at the residence are maintained by the Trading Permit Holder or TPH organization; and (I) a list of the locations is maintained by the Trading Permit Holder or TPH organization;

(3) any location, other than a primary residence, that is used for securities business for less than 30 business days in any one calendar year, provided the Trading Permit Holder or TPH organization complies with the provisions of (B) through (H) of subparagraph (c)(2) above;

(4) an office of convenience, where the associated person occasionally and exclusively by appointment meets with customers, which is not held out to the public as a branch office (where such location is on bank premises, however, only signage required by the Interagency Statement (Statement on Retail Sales of Nondeposit Investment Products required under Banking Regulations) may be displayed);

(5) any location that is used primarily to engage in non-securities activities and from which the associated person effects no more than 25 securities transactions in any one calendar year; provided that any advertisements or sales literature identifying such location also sets forth the address and telephone number of the location from which the associated person conducting business at the non-branch locations are directly supervised;

(6) the Floor of a registered national securities exchange where a Trading Permit Holder or TPH organization conducts a direct access business with public customers; or

(7) a temporary location established in response to the implementation of a business continuity plan.

Notwithstanding the exclusions in subparagraphs (c)(1)-(7) above, any location that is responsible for supervising the activities of persons associated with a Trading Permit Holder or TPH

organization at one or more non-branch locations of such Trading Permit Holder or TPH organization is considered to be a branch office.

(d) *Business Day*. For purposes of this Rule, the term "business day" shall not include any partial business day provided that the associated person spends at least four hours on such business day at his or her designated branch office during the hours that such office is normally open for business.

(e) *Associated Person*. For purposes of this Rule, the term "associated person of a Trading Permit Holder or TPH organization" is defined as a Trading Permit Holder or employee associated with a Trading Permit Holder or TPH organization.

(f) *Written Supervisory Procedures*.

(1) For purposes of subparagraph (c)(2)(H) above, written supervisory procedures shall include criteria for onsite for cause reviews of an associated person's primary residence. Such reviews must utilize risk-based sampling or other techniques designed to assure compliance with applicable securities laws and regulations and with the Rules.

(2) For purposes of subparagraph (c)(2)(H) and (c)(3) above, written supervisory procedures for such residences and other remote locations must be designed to assure compliance with applicable securities laws and regulations and with the Rules.

(g) *Risk-based Sampling Factors.* Factors which should be considered when developing risk-based sampling techniques to determine the appropriateness of on-site for cause reviews of selected residences and other remote locations shall include, but not be limited to, the following: (1) the firm's size; (2) the firm's organizational structure; (3) the scope of business activities; (4) the number and location of offices; (5) the number of associated persons assigned to a location; (6) the nature and complexity of products and services offered; (7) the volume of business done; (8) whether the location has a Series 9/10-qualified person on-site; (9) the disciplinary history of the registered persons or associated persons, including a review of such person's customer complaints and Forms U4 and U5; and (10) the nature and extent of a registered person's or associated person's outside business activities, whether or not related to the securities business.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

SECTION C. TPH TRADING FUNCTIONS

Rule 3.50. Floor Brokers

(a) *Floor Broker.* A Floor Broker is an individual (either a Trading Permit Holder or a nominee of a TPH organization) who is registered with the Exchange for the purpose, while on the Exchange floor, of accepting and executing orders received from Trading Permit Holders or from registered broker-dealers. A Floor Broker shall not accept an order from any other source unless he is the nominee of a TPH organization approved to transact business with the public in accordance with Rule 3.35. In the event the organization is approved pursuant to Rule 3.35, a Floor Broker who is the nominee of such organization may then accept orders directly from public customers where (i)

the organization clears and carries the customer account or (ii) the organization has entered into an agreement with the public customer to execute orders on its behalf. Among the requirements a Floor Broker must meet in order to register pursuant to Rule 3.35 is the successful completion of an examination for the purpose of demonstrating an adequate knowledge of the securities business.

(b) *Registration.* An applicant for registration as a Floor Broker shall file his application in writing with the TPH Department of the Exchange on such form or forms as the Exchange may prescribe. Applications shall be reviewed by the Exchange, which shall consider an applicant's ability as demonstrated by his passing a floor Trading Permit Holder's examination prescribed by the Exchange, and such other factors as the Exchange deems appropriate. After reviewing the application, the Exchange shall either approve or disapprove the applicant's registration as a Floor Broker.

(1) The registration of any person as a Floor Broker may be suspended or terminated by the Exchange upon a determination that such person has failed to properly perform as a Floor Broker.

(2) Any Trading Permit Holder or prospective Trading Permit Holder adversely affected by a determination of the Exchange under this Rule may obtain a review thereof in accordance with the provisions of Chapter 15.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.51. OEFs

An "Order Entry Firm" and "OEF" is Trading Permit Holder that represents as agent customer orders on the Exchange or is a non-Market-Maker conducting proprietary trading.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.52. Market-Makers

Trading Permit Holders registered as Market-Makers have certain rights and bear certain responsibilities beyond those of other Trading Permit Holders. All Market-Makers are designated as specialists on the Exchange for all purposes under the Exchange Act.

(a) To register as a Market-Maker, a Trading Permit Holder must file an application in writing on such forms as the Exchange may prescribe. The Exchange reviews applications and considers an applicant's market-making ability and such other factors as the Exchange deems appropriate in determining whether to approve an applicant's registration as a Market-Maker.

(b) The registration of any Trading Permit Holder as a Market-Maker may be suspended or terminated by the Exchange upon a determination that such Trading Permit Holder has failed to properly perform as a Market-Maker.

(c) There is no limit on the number of Trading Permit Holders that may become Market-Makers unless the Exchange determines to impose a limit based on system constraints, capacity

restrictions, or other factors relevant to protecting the integrity of the System. The Exchange will not impose any such limitations until it has submitted objective standards for imposing the limits to the SEC for its review and approval.

(d) A Trading Permit Holder or prospective Trading Permit Holder adversely affected by an Exchange determination under this Section C of Chapter 3, including the Exchange's termination or suspension of a Trading Permit Holder's registration as a Market-Maker or a Market-Maker's appointment to a class, may obtain a review of such determination in accordance with the provisions of Chapter 15.

[Effective October 7, 2019 (SR-CBOE-2019-059)]

Rule 3.53. DPMs

(a) To be approved to act as a DPM, a Trading Permit Holder must file an application with the Exchange on such forms as the Exchange may prescribe.

(b) The Exchange determines the appropriate number of approved DPMs. The Exchange must approve each DPM from among the DPM applications on file with the Exchange, based on the Exchange's judgment as to which applicant is best able to perform the functions of a DPM. Factors to be considered in making such a selection may include, but are not limited to, any one or more of the following:

(1) adequacy of capital;

(2) operational capacity;

(3) trading experience of and observance of generally accepted standards of conduct by the applicant, its associated persons, and the DPM Designees who will represent the applicant in its capacity as a DPM;

(4) number and experience of support personnel of the applicant who will be performing functions related to the applicant's DPM business;

(5) regulatory history of and history of adherence to Exchange Rules by the applicant, its associated persons, and the DPM Designees who will represent the applicant in its capacity as a DPM;

(6) willingness and ability of the applicant to promote the Exchange as a marketplace;

(7) in the event that one or more shareholders, directors, officers, partners, managers, members, DPM Designees, or other principals of an applicant is or has previously been a shareholder, director, officer, partner, manager, member, DPM Designee, or other principal in another DPM, adherence by such DPM to the requirements set forth in Chapter 5, Section D regarding DPM appointments and obligations during the time period in which such person(s) held such position(s) with the DPM.

(c) Each applicant for approval as a DPM will be given an opportunity to present any matter the DPM wishes the Exchange to consider in conjunction with the approval decision. The Exchange may require that a presentation be solely or partially in writing, and may require the submission of additional information from the applicant or individuals associated with the applicant. Formal rules of evidence do not apply to these proceedings.

(d) In selecting an applicant for approval as a DPM, the Exchange may place one or more conditions on the approval, including, but not limited to, conditions concerning the capital, operations, or personnel of the applicant, the number or type of securities which may be appointed to the applicant, and whether the DPM will operate on-floor or off-floor.

(e) Each DPM retains its approval to act as a DPM until the Exchange relieves the DPM of its approval and obligations to act as a DPM or the Exchange terminates the DPM's approval to act as a DPM pursuant to paragraph (i).

(f) If a TPH organization resigns as a DPM or if pursuant to paragraph (i) the Exchange terminates or otherwise limits its approval to act as a DPM, the Exchange may do one or both of the following:

(1) approve a DPM on an interim basis, pending the final approval of a new DPM pursuant to paragraphs (a) through (d) of this Rule; and

(2) allocate on an interim basis to another DPM or to other DPMs the securities that were appointed to the affected DPM, pending a final allocation of such classes pursuant to Rule 5.54.

Neither an interim approval or appointment made pursuant to this paragraph (f) should be viewed as a prejudgment with respect to the final approval or appointment.

(g) An On-Floor DPM can request that the Exchange authorize it to operate as an Off-Floor DPM in one or more option classes. The Exchange will consider the factors specified in paragraph (b) above in determining whether to permit an On-Floor DPM to operate as an Off-Floor DPM.

(1) If an On-Floor DPM is approved to operate as an Off-Floor DPM in one or more option classes, the Off-Floor DPM can have a DPM Designee trade in open outcry in the option classes allocated to the Off-Floor DPM, but the Off-Floor DPM will not receive a participation entitlement under Rule 5.32 with respect to orders represented in open outcry.

(2) In an option class in which an Off-Floor DPM has been appointed, the Exchange in its discretion may also appoint an On-Floor LMM in accordance with Rule 5.55, which will be eligible to receive a participation entitlement under Rule 5.32 with respect to orders represented in open outcry. If the Exchange in its discretion determines to reallocate a class in which an Off-Floor DPM has been appointed, the Exchange in its discretion may also terminate the On-Floor LMM appointment.

(3) A DPM that is approved to operate as an Off-Floor DPM in one or more option classes can request that the Exchange authorize it to operate as an On-Floor DPM. In making a determination pursuant to this subparagraph (g)(3), the Exchange should evaluate whether the change is in the best interests of the Exchange, and the Exchange may consider any

information that it believes will be of assistance to it. Factors to be considered may include, but are not limited to, any one or more of the following: performance, operational capacity of the Exchange or the DPM, efficiency, number and experience of personnel of the DPM who will be performing functions related to the trading of the applicable securities, number of securities involved, number of Market-Makers affected, and trading volume of the securities.

(h) *Transfer of DPM Designation*. A DPM proposing any sale, transfer, or assignment of any ownership interest or any change in its capital structure, voting authority, or distribution of profits or losses must submit an application for the approval of a such transaction to the Exchange at least thirty (30) days prior to the proposed effective date of the transaction, unless the Exchange approves a shorter period for its review. No such transaction that is deemed to involve the transfer of a DPM designation within the meaning of subparagraph (h)(1) below may take place unless (i) the transferee is qualified to act as a DPM in accordance with the Rules, and (ii) the transaction has received the prior approval of the Exchange.

(1) The following transactions are deemed to involve the transfer of a DPM designation: (i) any sale, transfer, or assignment of any significant share of the ownership of a DPM; (ii) any change or transfer of control of a DPM; or (iii) any merger, sale of assets, or other business combination or reorganization of a DPM. A sale, transfer, or assignment of a 5% or more interest in the equity or profits or losses of a DPM (or any series of smaller changes that in the aggregate amount to a change of five percent or more) shall be deemed to be a sale, transfer, or assignment of a significant share of the ownership of the DPM; provided, however, that any sale, transfer, or assignment of a less than five percent interest may also be found by the Exchange to represent a significant share of the ownership of a DPM depending on the surrounding facts and circumstances, in which event the Exchange shall notify the DPM within 15 days after receiving notice thereof that the approval of the transaction by the Exchange is required.

(A) Transfer of an interest in the profits (but not the ownership) of a DPM to an associated person of the DPM solely as compensation for the associated person's services in support of the business of the DPM shall not ordinarily be deemed to be a sale, transfer, or assignment of a significant share of the ownership of the DPM.

(2) The application for approval of a proposed transfer of a DPM designation must contain a full and complete description of the proposed transaction, including (i) the identity of the transferee, (ii) a description of the transferee's ownership and capital structure, (iii) the identity of those persons who will be the partners, shareholders, directors, officers, and other managers or affiliates of the transferee, as well as those persons who will be responsible for performing the duties of the DPM following the transfer, (iv) the terms of the transaction including the consideration proposed to be paid by the transferee, (v) the terms of any other business relationships between the parties to the transaction, and (vi) any other material information pertaining to the transaction that the Exchange may request.

(3) Promptly after receipt of a completed application for the approval of a proposed transfer of a DPM designation, the Exchange will post notice of the proposed transfer on the Cboe Options website. The Exchange shall not ordinarily consider a proposed transfer sooner

than ten (10) business days following the day notice is posted, unless the Exchange finds it necessary to give earlier consideration to the matter in the interest of the maintenance of fair and orderly markets and the protection of investors. During this period, the Exchange will accept written comments on the proposed transfer from any Trading Permit Holder, and will accept written proposals from other Trading Permit Holders or from trading crowds who wish to be considered for appointment in some or all of the classes that are the subject of the proposed transfer.

(4) The Exchange will not approve an application until it is accompanied by complete and final documents pertaining to the transfer (all corporate or partnership documents and amendments thereto, voting trust, "buy-sell" or similar agreements, employment agreements, pro forma financial statements), except as the Exchange may agree to defer the delivery of specific documents for good cause shown. In considering the approval of a proposed transfer of a DPM appointment, the Exchange will give due consideration to all relevant facts and circumstances, including but not limited to each of the following factors, if applicable: (i) the financial and operational capacity of the transferee; (ii) continuity of control, management, and persons responsible for the operation of the DPM; (iii) avoiding undue concentration of DPM appointments on the Exchange; (iv) available alternatives for reallocating the DPM's appointment taking into account comments made and alternatives proposed by other Trading Permit Holders during the posting period; and (v) the best interests of the Exchange. If the proposed transferee is not approved to act as a DPM at the time the application is considered by the Exchange, the approval of the transfer may be made contingent on the transferee's being so approved within a stated period of time.

(i) *Termination, Conditions, and Limitation*. The Exchange may terminate, place conditions upon, or otherwise limit a TPH organization's approval to act as a DPM under any one or more of the following circumstances: (i) if the TPH organization incurs a material financial, operational, or personnel change; (ii) if the TPH organization fails to comply with any of the requirements under Rules 3.53, 3.54, or 5.54 or fails to adequately satisfy the standards of performance under paragraph (j) below; or (iii) if for any reason the TPH organization should no longer be eligible for approval to act as a DPM or to be appointed a particular class(es).

(1) Before the Exchange takes action to terminate, condition, or otherwise limit a TPH organization's approval to act as a DPM, the TPH organization will be given notice of such possible action and an opportunity to present any matter which it wishes the Exchange to consider in determining whether to take such action. Such proceedings shall be conducted in the same manner as Exchange proceedings concerning DPM approvals pursuant to Rule 3.53.

(2) Notwithstanding subparagraph (h)(1), the Exchange has the authority to immediately terminate, condition, or otherwise limit a TPH organization's approval to act as a DPM if it incurs a material financial, operational, or personnel change warranting such action.

(3) Limiting a TPH organization's approval to act as a DPM may include, among other things, limiting or withdrawing the TPH organization's DPM participation entitlement provided for under Rule 5.32, withdrawing the right of the TPH organization to act in the capacity of a DPM in a particular security or securities which have been allocated to the

TPH organization, and/or requiring the relocation of the TPH organization's DPM operation on the Exchange's trading floor.

(4) If a TPH organization's approval to act as a DPM is terminated, conditioned, or otherwise limited by the Exchange pursuant to this Rule, the TPH organization may seek review of that decision under Chapter 15 of the Rules.

(j) *Review of DPM Operations and Performance*. The Exchange may conduct a review of a DPM's operations or performance at any time. The review shall include, among other things, an evaluation of the extent to which the DPM has satisfied its obligations under Rule 5.54 and has otherwise acted in ways reasonably designed to make the Exchange competitive with other markets trading the same classes as those allocated to the DPM taking into account the Exchange's market share in those classes. A DPM and its associated persons shall submit to the Exchange such information requested by the Exchange in connection with a review of the DPM's operations or performance. Members appointed by the Exchange may perform the functions of a Floor Official at DPM trading stations.

[Effective October 7, 2019 (SR-CBOE-2019-059)]

Rule 3.54. DPM Designees

(a) A DPM may act as a DPM solely through its DPM Designees. A "DPM Designee" is an individual who is approved by the Exchange to represent a DPM in its capacity as a DPM. The Exchange may sub-classify DPM Designees and require that certain DPM Designees be subject to specified supervision and/or be limited in their authority to represent a DPM.

(b) Notwithstanding any other rules to the contrary, an individual must satisfy the following requirements in order to be a DPM Designee of a DPM:

(1) the individual must be approved to be a Trading Permit Holder;

(2) the individual must be a Responsible Person of the DPM;

(3) the individual must be registered as a Market-Maker pursuant to Rule 3.52;

(4) on such form or forms as the Exchange may prescribe, the DPM must authorize the individual to enter into Exchange transactions on behalf of the DPM in its capacity as a DPM, must authorize the individual to represent the DPM in all matters relating to the fulfillment of the DPM's responsibilities as a DPM, and must guaranty all obligations arising out of the individual's representation of the DPM in its capacity as a DPM in all matters relating to the Exchange; and

(5) the individual must be approved by the Exchange to represent the DPM in its capacity as a DPM.

Notwithstanding the provisions of subparagraph (b)(2) of this Rule, the Exchange may permit an individual who is not affiliated with a DPM to act as a DPM Designee for the DPM on an

emergency basis provided that the individual satisfies the other requirements of paragraph (b) of this Rule.

(c) The approval of an individual to act as a DPM Designee expires in the event the individual does not have trading privileges on the Exchange for a six-month time period.

(d) A DPM Designee of a DPM may not trade as a Market-Maker in classes appointed to the DPM unless the DPM Designee is acting on behalf of the DPM in its capacity as a DPM.

[Effective October 7, 2019 (SR-CBOE-2019-059)]

Rule 3.55. LMMs

(a) *Designation*. The Exchange may designate one or more Market-Makers in good standing with an appointment in a class for which a DPM has not been appointed as a Lead Market-Maker ("LMM"). The Exchange will appoint an LMM for a term of no less than the time until the end of the then-current expiration cycle ("term"), which appointment may be to a class with one or more LMMs. The Exchange may approve one or more Market-Makers to act as LMMs in each class during Global Trading Hours in accordance with Rule 5.55 for terms of at least one month. Factors to be considered by the Exchange in selecting LMMs include: adequacy of capital, experience in trading options, presence in the trading crowd, adherence to Exchange rules and ability to meet the obligations specified in Rule 5.55. An LMM generally will operate on the Exchange's trading floor ("On-Floor LMM").

(1) An LMM can request that the Exchange authorize it to operate as an Off-Floor LMM in one or more classes. The Exchange will consider the factors specified in paragraph (a)(i) above, as well as the factors applicable to Off-Floor DPMs specified in Rule 3.53, in determining whether to permit an LMM to operate as an Off-Floor LMM. If an LMM is approved to operate as an Off-Floor LMM in one or more classes, the Off-Floor LMM can have an LMM designee trade in open outcry in the classes to which the Off-Floor LMM is appointed, but the Off-Floor LMM will not receive a participation entitlement under Rule 5.32 with respect to orders represented in open outcry.

(2) An LMM that is approved to operate as an Off-Floor LMM in one or more classes can request that the Exchange authorize it to operate as an On-Floor LMM in those option classes. In making a determination pursuant to this paragraph, the Exchange should evaluate whether the change is in the best interests of the Exchange, and may consider any information that it believes will be of assistance to it. Factors to be considered may include, but are not limited to, performance, operational capacity of the Exchange or LMM, efficiency, number and experience of personnel of the LMM who will be performing functions related to the trading of the applicable classes, number of classes involved, number of Market-Makers affected, and trading volume of the classes.

(3) Notwithstanding Rule 3.55(a): (i) in an option class in which an Off-Floor LMM or Off-Floor DPM has been appointed the Exchange in its discretion may also appoint an On-Floor LMM, which will be eligible to receive a participation entitlement under Rule 5.32 with respect to orders represented in open outcry; and (ii) in a class

in which the Exchange does not grant an electronic participation entitlement pursuant to Rule 5.32 and in which the Exchange did not appoint an Off-Floor LMM or Off-Floor DPM, the Exchange may appoint an On-Floor LMM that has open-outcry obligations only. If the Exchange in its discretion determines to reappoint a class in which an Off-Floor LMM or Off-Floor DPM has been appointed, the Exchange in its discretion may also terminate the On-Floor LMM appointment.

(b) *Removal.* The Exchange may remove an LMM if the LMM fails to meet the obligations set forth below, or any other applicable Rule. An LMM removed under this Rule may seek review of that decision under Chapter 15 of the Rules. If an LMM is removed or if for any reason an LMM is no longer eligible for or resigns its appointment or fails to perform its duties, the Exchange may designate one or more interim LMMs for the remainder of the term or shorter time period designated by the Exchange.

(c) *Evaluation*. The Exchange will review and evaluate the conduct of LMMs, including but not limited to compliance with Rules 3.52, 5.50, 5.51, 5.52 and 5.53.

[Effective October 7, 2019 (SR-CBOE-2019-059)]

Rule 3.56. PMMs

(a) *Designation.* Any Exchange Market-Maker type (e.g., LMM and DPM) may be designated as a PMM. The Exchange may allow, on a class-by-class basis, for the receipt of marketable orders through the System when the Exchange's disseminated quote is the NBBO that carry a designation from the Trading Permit Holder transmitting the order that specifies a Market-Maker in that class as the PMM for that order.

(b) *Entitlements*. A qualifying recipient of a PMM order is eligible for a participation entitlement pursuant to Rule 5.32. The System is programmed so that a recipient of a PMM order will only receive a participation entitlement for such order if the following provisions are met:

(1) The PMM has an appointment in the relevant option class.

(2) The PMM is quoting at the best bid/offer on the Exchange.

[Effective October 7, 2019 (SR-CBOE-2019-059)]

Rule 3.57. FLEX Trader

A "FLEX Trader" is a Trading Permit Holder the Exchange has approved to trade FLEX Options on the Exchange.

[Effective October 7, 2019 (SR-CBOE-2019-084)]

Rule 3.58. FLEX Market-Makers

(a) *Application*. A registered Market-Maker may apply on a form prescribed by the Exchange to be a "FLEX Market-Maker" in one or more classes of FLEX Options.

(b) *Approval*. The Exchange considers an applicant's market-making ability and such other factors as the Exchange deems appropriate in determining whether to approve an applicant's registration as a FLEX Market-Maker.

(c) *Appointments*. A FLEX Market-Maker will automatically receive an appointment in the same FLEX options class(es) as its Non-FLEX class appointments selected pursuant to Rule 5.50.

[Effective October 7, 2019 (SR-CBOE-2019-059), (SR-CBOE-2019-084)]

Rule 3.59 Order Service Firms

(a) An order service firm is a regular TPH organization that is registered with the Exchange for the purpose of taking orders for the purchase or sale of stocks or commodity futures contracts (and options thereon) from market-makers on the floor of the Exchange and forwarding such orders for execution. An applicant for registration as an order service firm shall file an application with the Membership Department in a form and manner prescribed by the Exchange. Applications shall be reviewed by the Exchange, which shall consider an applicant's financial condition, regulatory history, and such other factors as the Exchange deems appropriate. After reviewing the application, the Exchange shall either approve or disapprove the applicant's registration as an order service firm. Before registration, the TPH Department, if directed by the Exchange, shall post the names of the applicant and its nominee(s) on the floor of the Exchange for at least three business days.

(b) An order service firm shall make available to market-maker customers upon request a statement of financial condition as disclosed by its most recent balance sheet, which shall be prepared no later than the tenth business day following each calendar month-end.

(c) A Clearing Trading Permit Holder need not register as an order service firm in order to take orders for the purchase or sale of stocks or commodity futures contracts (and options thereon) from market-makers for which it has a currently outstanding Letter of Guarantee.

(d) An order service firm that takes orders for the purchase or sale of commodity futures contracts (and options thereon) must comply with the Commodity Exchange Act ("CEA") and the rules and regulations promulgated thereunder. Such a firm shall keep the Department of Financial and Sales Practice Compliance apprised of its registration status under the CEA on an ongoing basis, including any financial reporting or capital requirements.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.60 Sponsored Users

(a) *General*. This Rule governs electronic access for the entry and execution of orders by Sponsored Users with authorized access to the facilities and products specified below (referred to herein as the "Exchange System(s)") and the applicable requirements that Sponsored Users and Sponsoring Trading Permit Holders are required to satisfy in order to engage in a Sponsoring Trading Permit Holder/Sponsored User relationship. For purposes of this Rule, a "Sponsored User" is a person or entity that has entered into a sponsorship arrangement with a Sponsoring Trading Permit Holder for purposes of receiving electronic access to the Exchange System(s).

(b) *Sponsored User*. A Sponsored User may obtain and maintain authorized electronic access to the Exchange System(s), only if such access is authorized in advance by one or more Sponsoring Trading Permit Holders as follows:

(1) A Sponsored User must enter into a sponsorship arrangement with a "Sponsoring Trading Permit Holder," which is defined as a TPH organization that agrees to sponsor the Sponsored User's access to the Exchange System(s). The sponsorship arrangement consists of three separate components:

(A) The Sponsored User must enter into and maintain a customer agreement(s) with its Sponsoring Trading Permit Holder(s), establishing a proper relationship(s) and account(s) through which the Sponsored User will be permitted to trade on the Exchange System(s).

(B) For a Sponsored User to obtain and maintain authorized access to the Exchange System(s), the Sponsored User and its Sponsoring Trading Permit Holder must enter into a written agreement that incorporates the following sponsorship provisions:

(i) The Sponsored User and its Sponsoring Trading Permit Holder must have entered into and maintained a Sponsored User Agreement with the Exchange.

(ii) The Sponsoring Trading Permit Holder acknowledges and agrees that:

(a) all orders entered by its Sponsored User, any person acting on behalf of such Sponsored User (e.g., employees or agents of the Sponsored User), or any person acting in the name of such Sponsored User (e.g., customers of the Sponsored User) and any executions occurring as a result of such orders are binding in all respects on the Sponsoring Trading Permit Holder; and

(b) the Sponsoring Trading Permit Holder is responsible for any and all actions taken by such Sponsored User and any person acting on behalf of or in the name of such Sponsored User.

(iii) The Sponsoring Trading Permit Holder agrees that it will be bound by and comply with the Exchange's Certificate of Incorporation, Bylaws, Rules and procedures, as well as any other equivalent documents pertaining to the Exchange System(s) (the "Exchange Rules"), and the Sponsored User agrees that it will be bound by and comply with the Exchange Rules as if the Sponsored User were a Trading Permit Holder.

(iv) The Sponsored User agrees that it will maintain, keep current and provide to the Sponsoring Trading Permit Holder a list of persons who have been granted access to the Exchange System(s) on behalf of the Sponsored User ("Authorized Traders").

(v) The Sponsored User agrees that it will familiarize its Authorized Traders with all of the Sponsored User's obligations under this Rule and will assure that they receive appropriate training prior to any use of or access to the Exchange System(s).

(vi) The Sponsored User agrees that it will not permit anyone other than Authorized Traders to use or obtain access to the Exchange System(s).

(vii) The Sponsored User agrees that it will take reasonable security precautions to prevent unauthorized use of or access to the Exchange System(s), including unauthorized entry of information into the Exchange System(s), or the information and data made available by the Exchange. The Sponsored User understands and agrees that it is responsible for any and all orders, trades and other messages and instructions entered, transmitted or received under identifiers, passwords and security codes of the Sponsored User and any person acting on behalf of or in the name of such Sponsored User, and for the trading and other consequences thereof.

(viii)The Sponsored User acknowledges its responsibility for establishing adequate procedures and controls that permit it to effectively monitor use of and access to the Exchange System(s) by any person acting on behalf of or in the name of the Sponsored User for compliance with the terms of these sponsorship provisions.

(ix) The Sponsored User agrees that it will pay when due all amounts, if any, payable to the Sponsoring Trading Permit Holder, the Exchange or any other third parties that arise from the Sponsored User's use of or access to the Exchange System(s). Such amounts include, but are not limited to, applicable Exchange and regulatory fees.

(C) The Sponsored User and Sponsoring Trading Permit Holder must provide the Exchange with a Sponsored User Agreement acknowledging and agreeing to the requirements of this Rule, including an acknowledgement by the Sponsoring Trading Permit Holder of its responsibility for the orders, executions and actions of its Sponsored User. To the extent the Sponsoring Trading Permit Holder is not a clearing firm, the Sponsoring Trading Permit Holder's clearing firm, which must be a TPH organization, must provide the Exchange with a Letter of Authorization, which specifically accepts responsibility for the clearance of the Sponsored User's transactions. Upon approval by the Clearing Corporation, if applicable, and filing with the Exchange, an existing Letter of Authorization may be amended to include the Sponsoring Trading Permit Holder/Sponsored User relationship. Sponsored User Agreements and Letters of Authorization filed with the Exchange will remain in effect until a written notice of revocation has been filed with the TPH Department. If such a written notice of revocation has not been filed with the TPH Department at least one hour prior to the opening of trading on the particular business day, such revocation shall not become effective until the close of trading on such day. A revocation shall in no way relieve the Sponsoring Trading Permit

Holder or, if applicable, the Sponsoring Trading Permit Holder's clearing firm of responsibility for transactions guaranteed prior to the effective date of the revocation.

(2) Each Sponsoring Trading Permit Holder must maintain an up-to-date list of persons who may obtain access to the Exchange System(s) on behalf of its Sponsored Users (i.e., Authorized Traders) and must provide that list to the Exchange upon request. In addition, each Sponsoring Trading Permit Holder must have reasonable procedures to ensure that Sponsored User and all of its Sponsored Users' Authorized Traders: (i) maintain the physical security of the Exchange and the System, which includes, but is not limited to, the equipment for accessing the facilities of the Exchange and the Exchanges System(s), to prevent the unauthorized use or access to the Exchange or the Exchange System(s), including the unauthorized entry of information into the Exchange or the Exchange System(s), or the information and data made available therein; and (ii) otherwise comply with the Exchange Rules. If the Exchange determines that a Sponsored User or an Authorized Trader has caused a Sponsoring Trading Permit Holder to violate the Exchange Rules, the Exchange may direct the Sponsoring Trading Permit Holder to suspend or withdraw the Sponsored User's status as a Sponsored User or the person's status as an Authorized Trader and, if so directed, the Sponsoring Trading Permit Holder must suspend or withdraw such status.

(c) A Sponsoring Trading Permit Holder must ensure that a Sponsored User satisfies the requirements set forth in Rule 3.5(a) and only directly accesses the System from an approved jurisdiction as set forth in Rule 5.5(a).

Interpretations and Policies

.01 Sponsored Users shall be permitted for the following Exchange Systems: Cboe Options. For FLEX, the number of Sponsored Users shall be unlimited. Except for FLEX, the number of Sponsored Users having electronic access to Cboe Options shall be limited to a total of 15 persons/entities ("Sponsored User Slots"). Sponsored User applications for the Cboe Options Sponsored User Slots shall be submitted to the Exchange's TPH Department in a manner acceptable to the Exchange and will be processed in the order they are received on a time-stamped basis. For applications received via facsimile or email the time-stamp shall be the time the email/facsimile is received by the TPH Department. If there are more Sponsored User applications than Sponsored User Slots, the Exchange will maintain a waitlist and use a First In, First Out ("FIFO") method for filling the 15 Sponsored User Slots. In the event a Sponsored User application is determined by the TPH Department to be incomplete, the application will not be considered to have been submitted under the FIFO method until a completed application is submitted.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.61. Letters of Guarantee and Authorization

(a) *General.*

(1) Each Trading Permit Holder with trading functions on the Exchange shall provide a letter of guarantee or authorization for the Trading Permit Holder's trading activities on the

Exchange from a Clearing Trading Permit Holder in a form and manner prescribed by the Exchange. In order to participate in the Global Trading Hours ("GTH") session, a Trading Permit Holder must have a letter of guarantee from a Clearing Trading Permit Holder that is properly authorized by the Options Clearing Corporation ("OCC") to operate during the GTH session.

(2) A Trading Permit Holder may not engage in any trading activities on the Exchange if an effective letter of guarantee or authorization required to engage in those activities is not on file with the Exchange. If a Trading Permit Holder does not have an effective letter of guarantee or authorization on file with the Exchange, the Exchange may prevent access and connectivity to the Exchange by that Trading Permit Holder.

(3) Letters of guarantee and authorization filed with the Exchange shall remain in effect until a written notice of revocation has been filed with the TPH Department and the revocation becomes effective or until such time that the letter of guarantee or authorization otherwise becomes invalid pursuant to Exchange rules. A written notice of revocation shall become effective as soon as the Exchange is able to process the revocation. A revocation shall in no way relieve a Clearing Trading Permit Holder of responsibility for transactions guaranteed prior to the effectiveness of the revocation.

(4) If the Clearing Corporation restricts the activities of a Clearing Trading Permit Holder or suspends a Clearing Trading Permit Holder as a Clearing Member of the Clearing Corporation, the Exchange may take action as necessary to give effect to the restriction or suspension. For example, if the Clearing Corporation restricts transactions cleared by a Clearing Trading Permit Holder to "closing only" transactions, the Exchange may similarly restrict transactions on the Exchange for clearance by that Clearing Trading Permit Holder as a Clearing Member of the Clearing Corporation to "closing only" transactions. Similarly, if the Clearing Corporation suspends a Clearing Trading Permit Holder, the Exchange may prevent access and connectivity to the Exchange by the suspended Clearing Trading Permit Holder.

(5) If a Clearing Trading Permit Holder's status as a Clearing Member of the Clearing Corporation or as an Exchange Trading Permit Holder is terminated, all letters of guarantee and authorization on file with the Exchange from that Clearing Trading Permit Holder shall no longer be valid, effective as soon as the Exchange is able to process the invalidation of these letters of guarantee and authorization.

(6) If a Clearing Trading Permit Holder has been suspended as a Clearing Member of the Clearing Corporation or as an Exchange Trading Permit Holder, all existing letters of guarantee and authorization from that Clearing Trading Permit Holder shall be invalid during the period of the suspension, effective as soon as the Exchange is able to process the invalidation of those letters of guarantee and authorization.

(7) The invalidation of a letter of guarantee or authorization shall in no way relieve the Clearing Trading Permit Holder that issued the letter of guarantee or authorization of responsibility from transactions guaranteed prior to the effectiveness of the invalidation.

(8) If a Trading Permit Holder does not have a required letter of guarantee or authorization for period of ninety consecutive days, the Trading Permit Holder's trading permit(s) and status as a Trading Permit Holder shall automatically be terminated.

(b) *Letters of Guarantee for Market-Makers*

(1) *Required of Each Market-Maker*. No Market-Maker shall make any Exchange transaction unless there is an effective Letter of Guarantee that has been issued for such Market-Maker by a Clearing Trading Permit Holder and filed with the Exchange. If a Market-Maker desires to clear his or her transactions through more than one Clearing Trading Permit Holder, a Letter of Guarantee is required to be issued and filed with the Exchange by each such Clearing Trading Permit Holder to cover Exchange transactions executed by the Market-Maker through that Clearing Trading Permit Holder. The Exchange shall notify each issuer of a Letter of Guarantee of other outstanding Letters of Guarantee that have been issued to the same Market-Maker.

(2) *Terms of Letter of Guarantee*. A Letter of Guarantee shall be in a form prescribed by the Exchange and shall provide that the issuing Clearing Trading Permit Holder accepts financial responsibility for Exchange transactions made by the guaranteed Market-Maker when executing such transactions through the issuing Clearing Trading Permit Holder.

(c) *Letters of Guarantee for Floor Brokers*

(1) *Required of each Floor Broker*. No Floor Broker shall act as such on the Exchange unless there is in effect a Letter of Guarantee that has been issued for such Floor Broker by a Clearing Trading Permit Holder and filed with the Exchange.

(2) *Terms of Letter of Guarantee*. A Letter of Guarantee shall be in a form prescribed by the Exchange and shall provide that the issuing Clearing Trading Permit Holder accepts financial responsibility for all Exchange transactions made by the guaranteed Floor Broker.

(3) Floor Brokers executing Government security options must have a separate Letter of Guarantee issued by a Debt Securities Clearing Trading Permit Holder.

(d) *Letters of Guarantee Required of Order Service Firms*

(1) Prior to accepting any orders from market-makers on the floor of the Exchange, an order service firm must have on file with the Exchange and in effect an Order Service Firm Letter of Guarantee issued for such service firm by a member of The Options Clearing Corporation.

(2) The Order Service Firm Letter of Guarantee shall be in a form prescribed by the Exchange and shall provide that the issuing Clearing Trading Permit Holder accepts financial responsibility for all orders handled by the order service firm on the floor of the Exchange and for all financial obligations of the order service firm to the Exchange.

(3) An Order Service Firm Letter of Guarantee filed with the Exchange shall remain in effect until a written notice of revocation has been filed with the TPH Department. If such a written notice of revocation is not filed with the TPH Department at least one hour prior to the opening of trading on a particular business day, such revocation shall not become effective until the close of trading on such day. Upon the request of the Clearing Trading Permit Holder that files such a written notice of revocation, the Exchange shall post notice of the revocation. A revocation shall in no way relieve a Clearing Trading Permit Holder of responsibility for transactions guaranteed prior to the effective date of such revocation.

(4) No Clearing Trading Permit Holder shall be permitted to guarantee more than three (3) order service firms without the prior written approval of the Department of Financial and Sales Practice Compliance (the "Department"). In considering a request to guarantee more than three (3) such firms, the Department shall consider the Clearing Trading Permit Holder's level of excess net capital, additional financial resources, and such other factors as the Department deems appropriate.

(e) *FLEX Letters of Guarantee*

(1) No FLEX Market-Maker shall effect any transaction in FLEX Options unless one or more effective Letter(s) of Guarantee has been issued by a Clearing Trading Permit Holder and filed with the Exchange accepting financial responsibility for all FLEX transactions made by the FLEX Market-Maker.

(2) No Floor Broker shall act as such in respect of FLEX Option contracts unless an effective Letter of Authorization has been issued by a Clearing Trading Permit Holder and filed with the Exchange specifically accepting responsibility for the clearance of FLEX Option transactions of the Floor Broker.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.62. Affiliation Between the Exchange and a TPH

Without prior Commission approval, the Exchange or any entity with which it is affiliated may not, directly or indirectly, acquire or maintain an ownership interest in a Trading Permit Holder. In addition, without prior Commission approval, a Trading Permit Holder may not be or become affiliated with the Exchange or any affiliate of the Exchange. The term affiliate has the meaning specified in Rule 12b-2 under the Exchange Act. Nothing in this Rule 3.62 prohibits:

(a) a Trading Permit Holder from acquiring or holding an equity interest in Cboe Global Markets, Inc. that is permitted by the ownership and voting limitations contained in the Certificate of Incorporation and Bylaws of Cboe Global Markets, Inc.;

(b) a Trading Permit Holder from being or becoming an affiliate of the Exchange or any affiliate of the Exchange, solely by reason of the Trading Permit Holder or any officer, director, manager, managing member, partner or affiliate of the Trading Permit Holder being or becoming either (1) a Director pursuant to the Bylaws of the Exchange, or (2) a Director serving on the Board of Directors of Cboe Global Markets, Inc.;

(c) the Exchange from being an affiliate of its routing broker/dealer Cboe Trading or of Cboe EDGA Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe BZX Exchange, Inc., Cboe BYX Exchange, Inc., Cboe C2 Exchange, Inc., or Cboe Futures Exchange, LLC (each, a "Cboe Exchange"); or

(d) a Trading Permit Holder from (1) acquiring or holding an equity interest in CBSX LLC or (2) being affiliated with OneChicago, LLC, provided the Exchange's or any Exchange affiliate's proportionate share of OneChicago, LLC's gross revenues does not exceed 5% of the Exchange (or the relevant affiliate's) gross revenue.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.63. Cboe Trading as Outbound Router

(a) For so long as Cboe Trading is affiliated with the Exchange and is providing outbound routing of orders from the Exchange to other securities exchanges, facilities of securities exchanges, automated trading systems, electronic communications networks, or other brokers or dealers (collectively, "Trading Centers") (such function of Cboe Trading is referred to as the "Outbound Router"), each of the Exchange and Cboe Trading undertakes as follows:

(1) The Exchange will regulate the Outbound Router function of Cboe Trading as a facility (as defined in Section 3(a)(2) of the Exchange Act), subject to Section 6 of the Exchange Act. In particular, and without limitation, under the Exchange Act, the Exchange will be responsible for filing with the Commission rule changes and fees relating to the Cboe Trading Outbound Router function, and Cboe Trading will be subject to exchange non-discrimination requirements.

(2) FINRA, a self-regulatory organization unaffiliated with the Exchange or any of its affiliates, will carry out oversight and enforcement responsibilities as the designated examining authority designated by the Commission pursuant to Rule 17d-1 of the Exchange Act with the responsibility for examining Cboe Trading for compliance with applicable financial responsibility rules.

(3) A Trading Permit Holder's use of Cboe Trading to route orders to another Trading Center will be optional. Any Trading Permit Holder that does not want to use Cboe Trading may use other routers to route orders to other Trading Centers.

(4) Cboe Trading will not engage in any business other than (i) its Outbound Router function, (ii) its Inbound Router function as described in Rule 3.64, (iii) its usage of an error account in compliance with paragraph (a)(7) below, and (iv) any other activities it may engage in as approved by the Commission.

(5) The Exchange will establish and maintain procedures and internal controls reasonably designed to adequately restrict the flow of confidential and proprietary information between the Exchange and its facilities (including Cboe Trading), and any other entity, including any affiliate of Cboe Trading, and, if Cboe Trading or any of its affiliates engages in any other business activities other than providing routing services to the Exchange, between the segment

of Cboe Trading or its affiliate that provides the other business activities and the routing services.

(6) The Exchange or Cboe Trading may cancel orders as either deems necessary to maintain fair and orderly markets if a technical or systems issue occurs at the Exchange, Cboe Trading, or a routing destination. The Exchange or Cboe Trading will provide notice of the cancellation to affected Trading Permit Holders as soon as practicable.

(7) Cboe Trading will maintain an error account for the purpose of addressing positions that are the result of an execution or executions that are not clearly erroneous under Rule 6.5 and result from a technical or systems issue at Cboe Trading, the Exchange, a routing destination, or a non-affiliate third-party Routing Broker that affects one or more orders ("Error Positions").

(A) For purposes of subparagraph (a)(7), an Error Position does not include any position that results from an order submitted by a Trading Permit Holder to the Exchange that is executed on the Exchange and automatically processed for clearance and settlement on a locked-in basis.

(B) Except as provided in subparagraph (7)(C) below, Cboe Trading does not (i) accept any positions in its error account from an account of a Trading Permit Holder, or (ii) permit any Trading Permit Holder to transfer any positions from the Trading Permit Holder's account to Cboe Trading's error account.

(C) If a technical or systems issue results in the Exchange not having valid clearing instructions for a Trading Permit Holder to a trade, Cboe Trading may assume the Trading Permit Holder's side of the trade so that the trade can be automatically processed for clearance and settlement on a locked-in basis.

(D) In connection with a particular technical or systems issue, Cboe Trading or the Exchange will either (i) assign all resulting Error Positions to Trading Permit Holders in accordance with subparagraph (D)(i) below, or (ii) have all resulting Error Positions liquidated in accordance with subparagraph (D)(ii) below. Any determination to assign or liquidate Error Positions, as well as any resulting assignments, will be made in a nondiscriminatory fashion.

(i) Cboe Trading or the Exchange will assign all Error Positions resulting from a particular technical or systems issue to the Trading Permit Holders affected by that technical or systems issue if Cboe Trading or the Exchange:

(a) determines it has accurate and sufficient information (including valid clearing information) to assign the positions to all of the Trading Permit Holders affected by that technical or systems issue;

(b) determines it has sufficient time pursuant to normal clearance and settlement deadlines to evaluate the information

necessary to assign the positions to all of the Trading Permit Holders affected by that technical or systems issue; and

(c) has not determined to cancel all orders affected by that technical or systems issue in accordance with subparagraph (a)(6) above.

(ii) If Cboe Trading or the Exchange is unable to assign all Error Positions resulting from a particular technical or systems issue to all of the affected Trading Permit Holders in accordance with subparagraph (D) above, or if Cboe Trading or the Exchange determines to cancel all orders affected by the technical or systems issue in accordance with subparagraph (a)(6) above, then Cboe Trading will liquidate any applicable Error Positions as soon as practicable. In liquidating such Error Positions, Cboe Trading will:

(a) provide complete time and price discretion for the trading to liquidate the Error Positions to a third-party broker-dealer and not attempt to exercise any influence or control over the timing or methods of such trading; and

(b) establish and enforce policies and procedures that are reasonably designed to restrict the flow of confidential and proprietary information between the third-party broker-dealer and Cboe Trading/the Exchange associated with the liquidation of the Error Positions.

(E) Cboe Trading and the Exchange will make and keep records to document all determinations to treat positions as Error Positions and all determinations for the assignment of Error Positions to Trading Permit Holders or the liquidation of Error Positions, as well as records associated with the liquidation of Error Positions through the third-party broker-dealer.

(b) The books, records, premises, officers, agents, directors, and employees of Cboe Trading as a facility of the Exchange are deemed to be the books, records, premises, officers, agents, directors, and employees of the Exchange for purposes of, and subject to oversight pursuant to, the Exchange Act. The books and records of Cboe Trading as a facility of the Exchange are subject at all times to inspection and copying by the Exchange and the Commission. Nothing in these Rules precludes officers, agents, directors, or employees of the Exchange from also serving as officers, agents, directors, and employees of Cboe Trading.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.64. Cboe Trading as Inbound Router

(a) For so long as the Exchange is affiliated with the Cboe Exchanges, and Cboe Trading in its capacity as a facility of each Cboe Exchange is utilized for the routing of orders from a Cboe Exchange to the Exchange, the Exchange undertakes as follows:

(1) The Exchange will: (A) enter into a plan pursuant to Rule 17d-2 under the Exchange Act with a non-affiliated self-regulatory organization ("SRO") to relieve the Exchange of regulatory responsibilities for Cboe Trading with respect to rules that are common rules between the Exchange and the non-affiliated SRO, and (B) enter into a regulatory services contract with a non-affiliated SRO to perform regulatory responsibilities for Cboe Trading for unique Exchange rules.

(2) The regulatory services contract in subparagraph (a)(1) must require the Exchange to provide the non-affiliated SRO with information, in an easily accessible manner, regarding all exception reports, alerts, complaints, trading errors, cancellations, investigations, and enforcement matters (collectively, "Exceptions") in which Cboe Trading is identified as a participant that has potentially violated Exchange or SEC rules, and must require that the non-affiliated SRO provide a report to the Exchange quantifying all Exceptions on not less than a quarterly basis.

(3) The Exchange, on behalf of the holding company indirectly owning the Exchange and Cboe Trading, will establish and maintain procedures and internal controls reasonably designed to ensure that Cboe Trading does not develop or implement changes to its systems on the basis of nonpublic information obtained as a result of its affiliation with the Exchange until the information is available generally to similarly situated Trading Permit Holders of the Exchange in connection with the provision of inbound order routing to the Exchange.

Provided the above conditions are complied with, and provided further that Cboe Trading operates as an Outbound Router on behalf of each Cboe Exchange in accordance with the rules of each Cboe Exchange, Cboe Trading may provide inbound routing services to the Exchange from each Cboe Exchange.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

Rule 3.65. Membership in OneChicago, LLC

Each Trading Permit Holder with trading rights on the Exchange is a member of OneChicago, LLC, and to the extent provided in OneChicago rules, becomes bound by OneChicago rules and subject to jurisdiction of OneChicago by accessing or entering any order into the OneChicago System.

[Effective October 7, 2019 (SR-CBOE-2019-099)]

CHAPTER 4. OPTIONS LISTING

SECTION A. EQUITY AND ETP OPTIONS

Rule 4.1. Designation of Underlying Securities

Securities dealt in on the Exchange are option contracts, each of which is designated by reference to the issuer of the underlying security, expiration month or expiration date, exercise price and type (put or call).

[Effective October 7, 2019 (SR-CBOE-2019-090)]

Rule 4.2. Rights and Obligations of Holders and Writers

The rights and obligations of holders and writers shall be as set forth in the Rules of the Clearing Corporation.

[Effective October 7, 2019 (SR-CBOE-2019-090)]

Rule 4.3. Criteria for Underlying Securities

(a) Underlying securities in respect of which put or call option contracts are approved for listing and trading on the Exchange must meet the following criteria:

(1) the security must be duly registered and be an NMS stock; and

(2) the security shall be characterized by a substantial number of outstanding shares which are widely held and actively traded.

(b) In addition, the Exchange shall from time to time establish guidelines to be considered by the Exchange in evaluating potential underlying securities for Exchange option transactions. There are, however, many relevant factors which must be considered in arriving at such a determination. The fact that a particular security may meet the guidelines established by the Exchange does not necessarily mean that it will be approved as an underlying security. Further, in exceptional circumstances an underlying security may be approved by the Exchange even though it does not meet all of the guidelines. The Exchange may also give consideration to maintaining diversity among various industries and issuers in selecting underlying securities.

Interpretations and Policies

.01 The Board of Directors has established guidelines to be considered by the Exchange in evaluating potential underlying securities for Exchange option transactions. Absent exceptional circumstances with respect to subparagraphs (a)(1), (a)(2), (b)(1), or (b)(2) listed below, at the time the Exchange selects an underlying security for Exchange option transactions, the following guidelines with respect to the issuer shall be met.

(a) Guidelines applicable to the issuer of the security are:

(1) There are a minimum of 7,000,000 shares of the underlying security which are owned by persons other than those required to report their stock holdings under Section 16(a) of the Exchange Act.

(2) There are a minimum of 2,000 holders of the underlying security.

(3) The issuer is in compliance with any applicable requirements of the Exchange Act.

(b) Guidelines applicable to the market for the security are:

(1) Trading volume (in all markets in which the underlying security is traded) has been at least 2,400,000 shares in the preceding twelve months.

(2)

(A) If the underlying security is a "covered security" as defined under Section 18(b)(1)(A) of the Securities Act of 1933, the market price per share of the underlying security has been at least $3.00 for the previous three consecutive business days preceding the date on which the Exchange submits a certificate to the OCC for listing and trading. For purposes of this Interpretation .01(b)(2)(A), the market price of such underlying security is measured by the closing price reported in the primary market in which the underlying security is traded.

(B) If the underlying security is not a "covered security", the market price per share of the underlying security has been at least $7.50 for the majority of business days during the three calendar months preceding the date of selection, as measured by the lowest closing price reported in any market in which the underlying security traded on each of the subject days.

(c) Notwithstanding the requirements set forth in subparagraphs (a)(1), (a)(2), (b)(1), and (b)(2) listed above, the Exchange may list and trade an options contract if (1) the underlying security meets the guidelines for continued listing in Rule 4.4, and (2) options on such underlying security are listed and traded on at least one other registered national securities exchange.

.02 In considering underlying securities, the Exchange shall ordinarily rely on information made publicly available by the issuer and/or the markets in which the security is traded.

.03 The word "security" shall be broadly interpreted to mean any equity security, as defined in Rule 3a11-1, promulgated under the Securities Exchange Act of 1934, which is appropriate for option trading. The word "shares" shall mean the unit of trading of such security. Securities deemed appropriate for options trading shall include non-convertible preferred stock issues and American Depositary Receipts ("ADRs") if they meet the criteria and guidelines set forth in Rule 4.3 and the Interpretations thereunder and if, in the case of ADRs:

(a) the Exchange has in place an effective surveillance agreement with the primary exchange in the home country where the security underlying the ADR is traded;

(b) the combined trading volume of the ADR and other related ADRs and securities (as defined below) occurring in the U.S. ADR market or in markets with which the Exchange has in place an effective surveillance sharing agreement represents (on a share equivalent basis) at least 50% of the combined worldwide trading volume in the ADR, the security underlying the ADR, other classes of common stock related to the underlying security, and ADRs overlying such other stock (together, "other related ADRs and securities") over the three month period preceding the date of selection of the ADR for options trading;

(c) (1) the combined trading volume of the ADR and other related ADRs and securities occurring in the U.S. ADR market and in markets where the Exchange has in place an effective surveillance agreement, represents (on a share equivalent basis) at least 20% of the combined worldwide trading volume in the ADR and in other related ADRs and securities over the three month period preceding the date of selection of the ADR for options trading; (2) the average daily trading volume for the security in the U.S. markets over the three months preceding the selection of the ADR for options trading is 100,000 or more shares; and (3) the trading volume is at least 60,000 shares per day in U.S. markets on a majority of the trading days for the three months preceding the date of selection of the ADR for options trading ("Daily Trading Volume Standard"); or

(d) the Securities and Exchange Commission otherwise authorizes the listing.

.04 Securities deemed appropriate for options trading shall include shares issued by registered closed-end management investment companies that invest in the securities of issuers based in one or more foreign countries ("International Funds") if they meet the criteria and guidelines set forth in Rule 4.3 and the Interpretations thereunder and either:

(a) the Exchange has a market information sharing agreement with the primary home exchange for each of the securities held by the fund; or

(b) the International Fund is classified as a diversified fund as that term is defined by section 5(b) of the Investment Company Act of 1940 and the securities held by the fund are issued by issuers based in five or more countries.

A "market information sharing agreement" for purposes of this Rule is an agreement that would permit the Exchange to obtain trading information relating to the securities held by the fund including the identity of the member of the foreign exchange executing a trade. International Fund shares not meeting criteria (a) or (b) shall be deemed appropriate for options trading if the Commission specifically authorizes the listing.

.05

(a) In determining whether an equity security (the "Restructure Security") issued or anticipated to be issued in a spin-off, reorganization, recapitalization, restructuring or similar corporate transaction (a "Restructuring Transaction") satisfies the guidelines set forth in subparagraphs (b)(1) and (b)(2) of Interpretation and Policy .01 above, the Exchange may rely on the trading volume and market price history of the related equity security in respect of which the Restructure Security was or is to be issued (the "Original Security") determined prior to the ex-date for the Restructuring Transaction, but only if:

(1) both the trading volume and the market price history of the Original Security are used for this purpose for any trading days when either is so used;

(2) once the Exchange commences to rely on the trading volume and market price history of the Restructure Security for any trading day, the Exchange may not rely on the trading volume and market price history of the Original Security for any trading day thereafter; and

(3) at least one of the following conditions is met:

(A) At least one of (i) the aggregate market value of the Restructure Security, (ii) the aggregate book value of the assets attributed to the business represented by the Restructure Security, or (iii) the revenues attributed to the business represented by the Restructure Security is no less than the Relevant Percentage of the same measure determined with respect to the Original Security or the business represented by the Original Security, as applicable, calculated in a comparable manner, provided that in the case of the qualification of a Restructure Security under clause (ii), the aggregate book value of the assets attributed to the business represented by the Restructure Security is not less than $50 million, and in the case of the qualification of a Restructure Security under clause (iii), the revenues attributed to the business represented by the Restructure Security are not less than $50 million. For purposes of the foregoing sentence, the Relevant Percentage is 25% when the applicable measure determined with respect to the Original Security or the business it represents reflects the inclusion of the business represented by the Restructure Security, and the Relevant Percentage is 33 1/3% when the applicable measure determined with respect to the Original Security or the business it represents reflects the exclusion of the business represented by the Restructure Security.

(B) The aggregate market value represented by the Restructure Security is at least five hundred million dollars ($500,000,000).

For purposes of the foregoing: (1) the aggregate market value represented by the Restructure Security may be determined from "when issued" prices, if available; (2) comparative aggregate market value calculations shall be based upon share prices that are either all closing prices in the primary market on the last business day preceding the selection date of the Restructure Security as an underlying security, or are all opening prices in the primary market on the selection date of the Restructure Security as an underlying security; and (3) comparative asset values and revenues shall be derived from the later of the most recent annual or most recently available comparable interim (not less than three months) financial statements of each of the respective issuers, which may be audited or unaudited, and pro forma.

(b) Option contracts may not initially be listed for trading in respect of a Restructure Security until such time as shares of the Restructure Security are issued and outstanding and are the subject of trading that is not on a "when issued" basis or in any other way contingent on the issuance or distribution of the shares.

(c) In certifying a Restructure Security for options trading, the Exchange may determine that the requirements of paragraphs (a)(1) and (a)(2) of Interpretation and Policy .01 above are satisfied based

on the facts and circumstances that will exist on the intended date for listing the option rather than at the time the Restructure Security is so selected. In the case of a transaction within the scope of this Interpretation and Policy .05 in which shares of a Restructure Security are issued or distributed to the holders of shares of an Original Security, this determination may either be based on the public ownership and number of shareholders of the Original Security, or the Exchange may assume that one or both of these requirements will be satisfied if either of the following conditions is met on the date the Restructure Security is selected for options trading: (1) the Restructure Security will be listed on an exchange or automatic quotation system subject to initial listing requirements in respect of public ownership of shares or number of shareholders or both that are no less stringent than the requirements assumed to be satisfied, or (2) at least 40,000,000 shares of the Restructure Security will be issued and outstanding on the intended date for listing the option, unless in the case of clause (1) or (2) above the Exchange, after reasonable investigation, has determined that such requirements will in fact not be satisfied on that date. Any determination by the Exchange that such requirements will be satisfied based on an assumption made pursuant to this paragraph is subject to the right of any objecting exchange to demonstrate that such requirements will in fact not be satisfied.

(d) In the case of a Restructuring Transaction that satisfies either or both of the conditions of subparagraphs (a)(1) or (a)(2) above in which shares of a Restructure Security are sold in a public offering or pursuant to a rights distribution:

(1) the Exchange may assume the satisfaction of one or both of the requirements of subparagraphs (a)(1) and (a)(2) of Interpretation and Policy .01 above on the date the Restructure Security is selected for options trading only if (A) the applicable conditions set forth in clause (1) of paragraph (c) above are met with respect to whichever of these requirements is assumed to be satisfied, or (B) the condition set forth in clause (2) of paragraph (c) above is met, in either case subject to the limitations stated in said paragraph (c);

(2) the Exchange may certify that the market price of the Restructure Security satisfies the requirement of subparagraph (b)(2) of Interpretation and Policy .01 above by relying on the market price history of the Original Security prior to the ex-date for the Restructuring Transaction in the manner described in paragraph (a) above, but only if the Restructure Security has traded "regular way" on an exchange or automatic quotation system for at least five trading days immediately preceding the date of selection, and at the close of trading on each trading day preceding the date of selection, as well as at the opening of trading on the date of selection the market price of the Restructure Security was at least $7.50, or, if the Restructure Security is a Covered Security, as defined in subparagraph (b)(2) of Interpretation and Policy .01 above, the market price of the Restructure Security was at least $3.00.

(3) the Exchange may certify that the trading volume of the Restructure Security satisfies the requirement of subparagraph (b)(1) of Interpretation and Policy .01 above only if the trading volume in the Restructure Security has been at least 2,400,000 shares during a period of twelve months or less ending on the date the Restructure Security is selected for options trading.

.06

(a) Securities deemed appropriate for options trading include Units that:

(1) represent interests in registered investment companies (or series thereof) organized as open-end management investment companies, unit investment trusts or similar entities that hold portfolios of securities and/or financial instruments including, but not limited to, stock index futures contracts, options on futures, options on securities and indexes, equity caps, collars and floors, swap agreements, forward contracts, repurchase agreements and reverse purchase agreements (the "Financial Instruments"), and money market instruments, including, but no limited to, U.S. government securities and repurchase agreements (the "Money Market Instruments") comprising or otherwise based on or representing investments in indexes or portfolios of securities and/or Financial Instruments and Money Market Instruments (or that hold securities in one or more other registered investment companies that themselves hold such portfolios of securities and/or Financial Instruments and Money Market Instruments); or

(2) represent interests in a trust or similar entity that holds a specified non-U.S. currency deposited with the trust or similar entity when aggregated in some specified minimum number may be surrendered to the trust by the beneficial owner to receive the specified non-U.S. currency and pays the beneficial owner interest and other distributions on deposited non-U.S. currency, if any, declared and paid by the trust ("Currency Trust Shares"); or

(3) represent commodity pool interests principally engaged, directly or indirectly, in holding and/or managing portfolios or baskets of securities, commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and/or non-U.S. currency ("Commodity Pool Units"); or

(4) represent interests in the SPDR Gold Trust or the iShares COMEX Gold Trust or the iShares Silver Trust or the ETFS Silver Trust or the ETFS Gold Trust or the ETFS Palladium Trust or the ETFS Platinum Trust or the Sprott Physical Gold Trust; or

(5) represents an interest in a registered investment company ("Investment Company") organized as an open-end management investment company or similar entity, that invests in a portfolio of securities selected by the Investment Company's investment adviser consistent with the Investment Company's investment objectives and policies, which is issued in a specified aggregate minimum number in return for a deposit of a specified portfolio of securities and/or a cash amount with a value equal to the next determined net asset value ("NAV"), and when aggregated in the same specified minimum number, may be redeemed at a holder's request, which holder will be paid a specified portfolio of securities and/or cash with a value equal to the next determined NAV ("Managed Fund Share").

(b) The Units must either:

(1) meet the criteria and guidelines set forth in Rule 4.3 and Interpretation and Policy .01 thereunder; or

(2) be available for creation or redemption each business day from or through the issuing trust, investment company, commodity pools or other issuer in cash or in kind at a price related to net asset value, and the issuing trust, investment company, commodity pools or other issuer is obligated to issue Units in a specified aggregate number even if some or all of the

investment assets and/or cash required to be deposited have not been received by the, the issuing trust, investment company, commodity pools or other issuer, subject to the condition that the person obligated to deposit the investment assets has undertaken to deliver the investment assets and/or cash as soon as possible and such undertaking is secured by the delivery and maintenance of collateral consisting of cash or cash equivalents satisfactory to the issuer of Units which underlie the option as described in the Units' prospectus.

(c) The Units must also meet the following criteria:

(1) are listed pursuant to generic listing standards for series of portfolio depositary receipts and index fund shares based on international or global indexes under which a comprehensive surveillance agreement is not required; or

(2)

(A) any non-U.S. component securities of an index or portfolio of securities on which the Units are based that are not subject to comprehensive surveillance agreements do not in the aggregate represent more than 50% of the weight of the index or portfolio;

(B) component securities of an index or portfolio of securities on which the Units are based for which the primary market is in any one country that is not subject to a comprehensive surveillance agreement do not represent 20% or more of the weight of the index;

(C) component securities of an index or portfolio of securities on which the Units are based for which the primary market is in any two countries that are not subject to comprehensive surveillance agreements do not represent 33% or more of the weight of the index;

(D) for Currency Trust Shares, the Exchange has entered into a comprehensive surveillance sharing agreement with the marketplace or marketplaces with last sale reporting that represent(s) the highest volume in derivatives (options or futures) on the specified non-U.S. currency, which are utilized by the national securities exchange where the underlying Currency Trust Shares are listed and traded; and

(E) for Commodity Pool Units, the Exchange has entered into a comprehensive surveillance sharing agreement with the marketplace or marketplaces with last sale reporting that represent(s) the highest volume in such commodity futures contracts and/or options on commodity futures contracts on the specified commodities or non-U.S. currency, which are utilized by the national securities exchange where the underlying Commodity Pool Units are listed and traded.

.07 Securities deemed appropriate for options trading include Trust Issued Receipts, provided:

(a)

(1) the Trust Issued Receipts meet the criteria and guidelines for underlying securities set forth in Interpretation and Policy .01 to this Rule 4.3; or

(2) the Trust Issued Receipts must be available for issuance or cancellation each business day from the Trust in exchange for the underlying deposited securities; and

(b) not more than 20% of the weight of the Trust Issued Receipt is represented by ADRs on securities for which the primary market is not subject to a comprehensive surveillance agreement.

.08 A Trading Permit Holder may submit to the Secretary of the Exchange a written request that the Exchange list a particular option class whether or not the option class is traded on any other exchange or market. The request shall specify the reasons why the Trading Permit Holder believes the Exchange should list the option class. The Exchange shall make every reasonable effort to consider and make a decision regarding the request and in any event shall consider and make a decision regarding the request within 35 days of its receipt. If the Exchange denies the request or approves the request subject to conditions or limitations, the Exchange shall provide the Trading Permit Holder that submitted the request with a written response setting forth the rationale for its decision within 10 days of making the decision. If, in denying a request or approving a request subject to conditions or limitations, the Exchange relies upon a factor of other bona fide business considerations, the Exchange shall, in addition to providing the Trading Permit Holder with a written response specifying that the Exchange has relied upon other bona fide business considerations, maintain a record of the bona fide business considerations supporting its decision. In the event the Exchange determines to list an option class requested to be listed pursuant to this paragraph, the appointment of the option class shall be governed by Rule 5.50(h).

.09 In deciding whether or not to list an option class, or to place any conditions or limitations on such listing, the Exchange will consider one or more of the following factors:

(a) whether the proposed option class satisfies applicable listing criteria;

(b) processing capacity;

(c) cost to the Exchange of listing the option class;

(d) legal or regulatory impediments to listing the option class;

(e) the anticipated level of Exchange contract volume and market share in the option class;

(f) Trading Permit Holder and customer interest in trading the option class; (vii) operational factors; and

(g) other bona fide business considerations.

These criteria shall apply to all option classes considered by the Exchange for listing, whether based on a Trading Permit Holder request or otherwise.

.10 (a) The term "Partnership Units" means a security (1) that is issued by a partnership that invests in any combination of futures contracts, options on futures contracts, forward contracts, commodities (as defined in Section 1(a)(4) of the Commodity Exchange Act) and/or securities; and

(b) that is issued and redeemed daily in specified aggregate amounts at net asset value.

.11 Securities deemed appropriate for options trading shall include a Credit Option for which the Reference Entity, as defined under Rule 4.40, satisfies all of the following criteria:

(a) The Reference Entity or the Reference Entity's parent, if the Reference Entity is a wholly- owned subsidiary, has at least one class of securities that is duly registered and is an NMS stock.

(b) The equity securities issued by the Reference Entity pursuant to paragraph (a) above satisfy the requirements for options trading on the Exchange pursuant to Rule 4.4.

.12 Securities deemed appropriate for initial listing shall include a Corporate Debt Security, as defined under Rule 4.30, that satisfies all of the following criteria:

(a) The original public sale of a Corporate Debt Security shall be at least a $250,000,000 principal amount.

(b) Trading volume (in all markets in which the underlying Corporate Debt Security is traded) has been at least $100,000,000 in notional value over the preceding six months.

(c) There is a minimum aggregate par value or "float" of $200,000,000 of the Corporate Debt Security outstanding.

(d) There is a minimum number of 320 holders of the Corporate Debt Security.

(e) The issuer of the Corporate Debt Security or the issuer's parent, if the issuer is a wholly- owned subsidiary, has at least one class of common or preferred equity securities registered under Section 12(b) of the Exchange Act.

(f) The equity securities issued by the issuer of the Corporate Debt Security are "covered securities" as defined under Section 18(b)(1)(A) of the Securities Act of 1933.

(g) The equity securities issued by the issuer of the Corporate Debt Security satisfy the requirements for options trading on the Exchange pursuant to Exchange Rule 4.4.

(h) The Corporate Debt Security on which options transactions will be effected on the Exchange has a credit rating issued by Moody's Investors Service that is Caa or higher and a credit rating issued by Standard and Poor's that is CC or higher.

(i) The issuer of the Corporate Debt Security has registered the offer and sale of such securities under the Securities Act of 1933.

(j) The transfer agent of the Corporate Debt Security is registered under Section 17A of the Securities Exchange Act of 1934.

(k) The trust indenture for the Corporate Debt Security is qualified under the Trust Indenture Act of 1939.

.13 Index-Linked Securities

(a) Securities deemed appropriate for options trading shall include shares or other securities ("Equity Index-Linked Securities," "Commodity-Linked Securities," "Currency-Linked Securities," "Fixed Income Index-Linked Securities," "Futures-Linked Securities," and "Multifactor Index-Linked Securities," collectively known as "Index-Linked Securities" or ETNs) that are principally traded on a national securities exchange and an NMS Stock, and represent ownership of a security that provides for the payment at maturity, as described below:

(1) Equity Index-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance or the leveraged (multiple or inverse) performance of an underlying index or indexes of equity securities ("Equity Reference Asset");

(2) Commodity-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance or the leveraged (multiple or inverse) performance of one or more physical commodities or commodity futures, options on commodities, or other commodity derivatives or Commodity-Based Trust Shares or a basket or index of any of the foregoing ("Commodity Reference Asset");

(3) Currency-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance or the leveraged (multiple or inverse) performance of one or more currencies, or options on currencies or currency futures or other currency derivatives or Currency Trust Shares (as defined in Interpretation and Policy .06 to this Rule 4.3), or a basket or index of any of the foregoing ("Currency Reference Asset");

(4) Fixed Income Index-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance or the leveraged (multiple or inverse) performance of one or more notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities ("Treasury Securities"), government-sponsored entity securities ("GSE Securities"), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof or a basket or index of any of the foregoing ("Fixed Income Reference Asset");

(5) Futures-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance or the leveraged (multiple or inverse) performance of an index or indexes of futures contracts or options or derivatives on futures contracts ("Futures Reference Asset"); and

(G) Multifactor Index-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance or the leveraged (multiple or inverse) performance of any combination of two or more Equity Reference Assets, Commodity Reference Assets, Currency Reference Assets, Fixed Income References Assets, or Futures Reference Assets ("Multifactor Reference Asset").

(b) For purposes of Interpretation and Policy .13 to this Rule 4.3, Equity Reference Assets, Commodity Reference Asset, Currency Reference Assets, Fixed Income Reference Assets, Futures Reference Assets together with Multifactor Reference Assets, collectively will be referred to as "Reference Assets."

(c)

(A) The Index-Linked Securities must meet the criteria and guidelines for underlying securities set forth in Interpretation and Policy .01 to this Rule 4.3.; or

(B) the Index-Linked securities must be redeemable at the option of the holder at least on a weekly basis through the issuer at a price related to the applicable underlying Reference Asset. In addition, the issuing company is obligated to issue or repurchase the securities in aggregation units for cash, or cash equivalents, satisfactory to the issuer of Index-Linked Securities which underlie the option as described in the Index-Linked Securities prospectus.

(d) The Exchange will implement surveillance procedures for options on Index-Linked Securities, including adequate comprehensive surveillance sharing agreements with markets trading in non-U.S. components, as applicable.

[Effective October 7, 2019 (SR-CBOE-2019-090)]

Rule 4.4. Withdrawal of Approval of Underlying Securities

Whenever the Exchange determines that an underlying security previously approved for Exchange option transactions does not meet the then current requirements for continuance of such approval or for any other reason should no longer be approved, the Exchange will not open for trading any additional series of options of the class covering that underlying security and therefore two Floor Officials, in consultation with a designated senior executive officer of the Exchange, may prohibit any opening purchase or sale transactions in series of options of that class previously opened (except that (a) opening transactions by Market-Makers executed to accommodate closing transactions of other market participants and (b) opening transactions by TPH organizations to facilitate the closing transactions of public customers executed as crosses pursuant to and in accordance with Rule 5.87(d) and (f) may be permitted), to the extent it deems such action necessary or appropriate; provided, however, that where exceptional circumstances have caused an underlying security not to comply with the Exchange's current approval maintenance requirements, regarding number of publicly held shares or publicly held principal amount, number of shareholders, trading volume or market price the Exchange, in the interest of maintaining a fair and orderly market or for the protection of investors, may determine to continue to open additional series of option contracts of the class covering that underlying security. When all option contracts in respect of any underlying security that is no longer approved have expired, the Exchange may make application to the Commission to strike from trading and listing all such option contracts.

Interpretations and Policies

.01 The Exchange has established guidelines to be considered when determining whether an underlying security previously approved for Exchange option transactions no longer meets its requirements for the continuance of such approval. Absent exceptional circumstances, with respect to paragraphs (a), (b), or (c) listed below, an underlying security will not be deemed to meet the Exchange's requirements for continued approval whenever any of the following occur:

(a) There are fewer than 6,300,000 shares of the underlying security held by persons other than those who are required to report their security holdings under Section 16(a) of the Exchange Act.

(b) There are fewer than 1,600 holders of the underlying security.

(c) The trading volume (in all markets in which the underlying security is traded) was less than 1,800,000 shares in the preceding twelve months.

(d) The underlying security ceases to be an NMS stock.

(e) If an underlying security is approved for options listing and trading under the provisions of Interpretation and Policy .05 of Rule 4.3, the trading volume of the Original Security (as therein defined) prior to but not after the commencement of trading in the Restructure Security (as therein defined), including "when-issued" trading, may be taken into account in determining whether the trading volume requirement of paragraph (c) of this Interpretation and Policy .01 are satisfied, provided, however, that in the case of a Restructure Security approved for options listing and trading under paragraph (d) of Interpretation and Policy .05 of Rule 4.3, such trading volume requirements must be satisfied based on the trading volume history of the Restructure Security.

.02 In considering whether any of the events specified in Interpretation and Policy .01 have occurred with respect to an underlying security, the Exchange shall ordinarily rely on information made publicly available by the issuer and/or the markets in which such security is traded.

.03 If prior to the delisting of a class of option contracts covering an underlying security which has been found not to meet the Exchange's requirements for continued approval, the Exchange shall determine that the underlying security again meets the Exchange's requirements for such underlying security, the Exchange may open for trading additional series of options of that class and two Floor Officials, in consultation with a designated senior executive officer of the Exchange, may lift any restriction on opening purchase or sale transactions imposed under this Rule.

.04 Whenever the Exchange shall announce that approval of an underlying security has been withdrawn for any reason or that the Exchange has been informed that the issuer of an underlying security has ceased to be in compliance with SEC reporting requirements, each Trading Permit Holder and TPH organization shall, prior to effecting any transaction in option contracts in respect of such underlying security for a customer, inform such customer of such fact and of the fact that the Exchange may prohibit further transactions in such option contracts to the extent it shall deem such action necessary and appropriate.

.05 If an ADR was initially deemed appropriate for options trading on the grounds that 50% or more of the worldwide trading volume (on a share-equivalent basis) in the ADR and other related ADRs and securities takes place in U.S. markets or in markets with which the Exchange has in place an effective surveillance sharing agreement, or if an ADR was initially deemed appropriate for options trading based on the Daily Trading Volume Standard described in Interpretation .03 to Rule 4.3, the Exchange may not open for trading additional series of options on that ADR unless:

(a) the percentage of worldwide trading volume in the ADR and other related securities that takes place in the U.S. and in markets with which the Exchange has in place surveillance sharing agreements for any consecutive three month period is either:

(1) at least 30% without regard to the average daily trading volume in the ADR; or

(2) at least 15% when the average U.S. daily trading volume in the ADR for the previous three months is at least 70,000 shares;

(b) the Exchange then has in place an effective surveillance agreement with the primary exchange in the home country where the security underlying the ADR is traded; or

(c) the Commission has otherwise authorized the listing.

.06 Units that represent interests in registered investment companies (or series thereof) organized as open-end management investment companies, unit investment trusts or similar entities that were initially approved for options trading pursuant to Interpretation and Policy .06 under Rule 4.3 shall be deemed not to meet the Exchange's requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering such Units, if the Units cease to be an NMS stock as provided in paragraph (d) of Interpretation and Policy .01 of this Rule 4.4 or the Units are halted from trading in their primary market. In addition, two Floor Officials, in consultation with a designated senior executive officer of the Exchange, shall consider the suspension of opening transactions in any series of options of the class covering Units in any of the following circumstances:

(a) In the case of options covering Units approved for trading under Rule 4.3 and Interpretation and Policy .06(b)(1) thereunder, in accordance with the terms of paragraphs (a), (b), and (c) of Interpretation and Policy .01 of this Rule 4.4;

(b) In the case of options covering Units approved for trading under Rule 4.3 and Interpretation and Policy .06(b)(2) thereunder, following the initial twelve-month period beginning upon the commencement of trading in the Units on a national securities exchange and are defined as an NMS stock, there are fewer than 50 record and/or beneficial holders of such Units for 30 or more consecutive trading days;

(c) The value of the index or portfolio of securities, non-U.S. currency, or portfolio of commodities including commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and/or Financial Instruments and Money Market Instruments on which the Units are based is no longer calculated or available; or

(d) Such other event shall occur or condition exist that in the opinion of the Exchange makes further dealing in such options on the Exchange inadvisable.

.07 Absent exceptional circumstances, Trust Issued Receipts shall not be deemed to meet the Exchange's requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering such Trust Issued Receipts, whenever the Trust Issued Receipts are delisted and trading in the Receipts is suspended on a national securities exchange, or the Trust Issued Receipts are no longer traded as national market securities through the facilities of a national securities association. In addition, two Floor Officials, in consultation with a designated senior executive officer of the Exchange, shall consider the

suspension of opening transactions in any series of options of the class covering Trust Issued Receipts in any of the following circumstances:

(a) In accordance with the terms of paragraphs (a) through (e) of Interpretation and Policy .01 of this Rule 4.4 in the case of options covering Trust Issued Receipts when such options were approved pursuant to paragraph (a)(1) of Interpretation and Policy .07 under Rule 4.3;
(b) The Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Trust Issued Receipts for 30 or more consecutive trading days;

(c) The trust has fewer than 50,000 receipts issued and outstanding;

(d) The market value of all receipts issued and outstanding is less than $1,000,000; or

(e) Such other event shall occur or condition exist that in the opinion of the Exchange makes further dealing in such options on the Exchange inadvisable.

.08 For HOLding Company Depositary ReceiptS (HOLDRS), the Exchange will not open additional series of options overlying HOLDRS (without prior Commission approval) if:

(a) the proportion of securities underlying standardized equity options to all securities held in a HOLDRS trust is less than 80% (as measured by their relative weightings in the HOLDRS trust); or

(b) less than 80% of the total number of securities held in a HOLDRS trust underlie standardized equity options.

.09 In determining whether any of the events specified in Interpretation and Policy .01(a) or (b) of this Rule have occurred, the Exchange will monitor on a daily basis news sources for information of corporate actions, including stock splits, mergers and acquisitions, distribution of special cash dividends, recapitalizations, and stock buy backs. If a corporate action indicates that an underlying security no longer meets the Exchange's requirements for continued approval under Interpretation and Policy .01(a) or (b) of this Rule, the Exchange will not open additional series of option contracts of the class covering the underlying security. If, however, information of a corporate action does not indicate that any of the events specified in Interpretation and Policy .01(a) or (b) have occurred, the Exchange shall consider the events specified in Interpretation and Policy .01(a) and (b) to have been satisfied.

.10

(a) When there is no open interest in a series the Exchange may delist such series. Delisting shall be preceded by a notice to TPH organizations concerning the delisting.

(b) If an option series is listed but restricted to closing transactions on another national securities exchange, the Exchange may list such series (even if such series would not otherwise be eligible for listing under the Rules), which shall also be restricted to closing transactions on the Exchange.

.11 If an option class is open for trading on another national securities exchange, the Exchange may delist such option class immediately. If an option class is open for trading solely on the Exchange, the Exchange may determine to not open for trading any additional series in that option class; may restrict series with open interest to closing transactions, provided that, opening transactions by Market-Makers executed to accommodate closing transactions of other market participants and opening transactions by TPH organizations to facilitate the closing transactions of public customers executed as crosses pursuant to and in accordance with Rule 6.74(b) or (d) may be permitted; and may delist the option class when all series within that class have expired. In all instances, delisting shall be preceded by a notice to TPH organizations concerning the delisting.

.12 A Corporate Debt Security, as defined in Rule 4.30, that was initially approved for options trading pursuant to Interpretation and Policy .12 under Rule 4.3 shall be deemed not to meet the Exchange's requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering such Corporate Debt Security and therefore the Exchange may prohibit any opening purchase or sale transactions in series of options of that class previously opened as provided in Rule 4.4 above at any time the Exchange determines on the basis of information made publicly available that the following circumstances may have occurred:

(a) Trading volume (in all markets in which the Corporate Debt Security is traded) is less than $75,000,000 in notional value over the preceding six months.

(b) Any of the requirements set forth in paragraphs (c) through (k) of Interpretation and Policy .10 of Rule 4.3 are not satisfied.

.13 A Reference Entity, as defined in Rule 4.40, for which options trading pursuant to Interpretation and Policy .11 under Rule 4.3 was initially approved, shall be deemed not to meet the Exchange's requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the Credit Option class based on that Reference Entity and therefore the Exchange may prohibit any opening purchase or sale transactions in series of options of that class previously opened as provided in Rule 4.4 above at any time the Exchange determines on the basis of information made publicly available that any of the requirements set forth in paragraphs (a) through (b) of Interpretation and Policy .11 under Rule 4.3 are not satisfied.

.14 Absent exceptional circumstances, Index-Linked Securities ("Securities") initially approved for options trading pursuant to Interpretation and Policy .13 to Rule 4.3 shall not be deemed to meet the Exchange's requirements for continued approval, and the Exchange shall not open for trading any additional series or option contracts of the class covering such Securities whenever the underlying Securities are delisted and trading in the Securities is suspended on a national securities exchange, or the Securities are no longer an NMS Stock. In addition, the Exchange shall consider the suspension of opening transactions in any series of options of the class covering Index-Linked Securities in any of the following circumstances:

(a) The underlying Index-Linked Security fails to comply with the terms of Interpretation and Policy .13 to Rule 4.3;

(b) In accordance with the terms of Interpretation and Policy .01 to this Rule 4.4, in the case of options covering Index-Linked Securities when such options were approved pursuant to Interpretation and Policy .13 to Rule 4.3, except that, in the case of options covering Index- Linked Securities approved pursuant to Interpretation and Policy .13(a)(2) to Rule 4.3 that are redeemable at the option of the holder at least on a weekly basis, then option contracts of the class covering such Securities may only continue to be open for trading as long as the Securities are listed on a national securities exchange and are NMS stocks;

(c) In the case of any Index-Linked Security trading pursuant to Interpretation and Policy .13 to Rule 4.3, the value of the Reference Asset is no longer calculated; or

(d) Such other event shall occur or condition exist that in the opinion of the Exchange make further dealing in such options on the Exchange inadvisable.

[Effective October 7, 2019 (SR-CBOE-2019-090)]

Rule 4.5. Series of Option Contracts Open for Trading

(a) After a particular class of options (call option contracts or put option contracts relating to a specific underlying security or calculated index) has been approved for listing and trading on the Exchange, the Exchange from time to time may open for trading series of options on that class. Only options contracts of series currently open for trading may be purchased or written on the Exchange. Prior to the opening of trading in a given series, the Exchange will fix the expiration month, year and exercise price of that series. Exercise price setting parameters are part of the OLPP as reflected in Rule 4.7. For Short Term Option Series, the Exchange will fix a specific expiration date and exercise price, as provided in paragraph (d). For Quarterly Options Series the Exchange will fix a specific expiration date and exercise price, as provided in paragraph (e). For Delayed Start Option Series, the Exchange will fix a specific expiration date and exercise price as provided under Rule 4.13(d).

(b) Except for Short Term Option Series, Quarterly Options Series, and Delayed Start Option Series, at the commencement of trading on the Exchange of a particular class of options, the Exchange shall open a minimum of one expiration month and series for each class of options open for trading on the Exchange. The exercise price of each series will be fixed at a price per share which is reasonably close to the price per share at which the underlying stock is traded in the primary market at about the time that class of options is first opened for trading on the Exchange. Paragraph (d) will govern the procedures for opening Short Term Options Series. Paragraph (e) will govern the procedures for opening Quarterly Options Series. Rule 4.13(d) will govern the procedures for setting the exercise price for Delayed Start Option Series.

(c) Additional series of options of the same class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying stock moves more than five strike prices from the initial exercise price or prices. The opening of a new series of options on the Exchange will not affect any other series of options of the same class previously opened.

(d) *Short Term Option Series Program.* After an option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business

day ("Short Term Option Opening Date") series of options on that class that expire at the close of business on each of the next five Fridays that are business days and are not Fridays on which monthly options series or Quarterly Options Series expire ("Short Term Option Expiration Dates"). The Exchange may have no more than a total of five Short Term Option Expiration Dates. Monday and Wednesday SPY Expirations (described in the paragraph below) are not included as part of this count. If the Exchange is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if the Exchange is not open for business on a Friday, the Short Term Option Expiration Date will be the first business day immediately prior to that Friday.

Monday and Wednesday SPY Expirations. The Exchange may open for trading on any Friday or Monday that is a business day ("Monday SPY Expiration Opening Date") series of options on the SPDR S&P 500 ETF Trust ("SPY") that expire at the close of business each of the next five Mondays that are business days and are no Mondays on which Quarterly Options Series expire ("Monday SPY Expirations"), provided that any Monday SPY Expiration Opening Date that is a Friday is one business week and one business day prior to expiration. The Exchange may also open for trading on any Tuesday or Wednesday that is a business day ("Wednesday SPY Expiration Opening Date") series of SPY options that expire at the close of business on each of the next five Wednesdays that are business days and are not Wednesdays on which Quarterly Options Series expire ("Wednesday SPY Expirations"). The Exchange may have no more than a total of five Monday SPY Expirations and no more than a total of five Wednesday SPY Expirations. Non-Monday and non-Wednesday SPY Expirations (described in the paragraph above) are not included as part of this count. If the Exchange is not open for business on the respective Friday or Monday, the Monday SPY Expiration Opening Date will be the first business day immediately prior to that respective Friday or Monday. If the Exchange is not open for business on a Monday, the expiration date for a Monday SPY Expiration will be the first business day immediately following that Monday. If the Exchange is not open for business on the respective Tuesday or Wednesday, the Wednesday SPY Expiration Opening Date will be the first business day immediately prior to that respective Tuesday or Wednesday. Similarly, if the Exchange is not open for business on a Wednesday, the expiration date for a Wednesday SPY Expiration will be the first business day immediately prior to that Wednesday.

References to "Short Term Option Series" below shall be read to include "Monday and Wednesday SPY Expirations," except where indicated otherwise.

Regarding Short Term Option Series:

(1) *Classes.* The Exchange may select up to fifty currently listed option classes on which Short Term Option Series may be opened on any Short Term Option Opening Date. In addition to the fifty-option class restriction, the Exchange also may list Short Term Option Series on any option classes that are selected by other securities exchanges that employ a similar program under their respective rules. For each option class eligible for participation in the Short Term Option Series Program, the Exchange may open up to 30 Short Term Option Series for each expiration date in that class. The Exchange may also open Short Term Option Series that are opened by other securities exchanges in option classes selected by such exchanges under their respective short term option rules.

(2) *Expiration.* No Short Term Option Series (excluding Monday and Wednesday SPY Expirations) may expire in the same week in which monthly option series on the same class expire and, in the case of Quarterly Options Series, no Short Term Option Series may expire on an expiration that coincides with an expiration of Quarterly Option Series on the same class.

(3) *Initial Series*. The Exchange may open up to 20 initial series for each option class that participates in the Short Term Option Series Program. The strike price of each Short Term Option Series will be fixed at a price per share, with approximately the same number of strike prices being opened above and below the value of the underlying security at about the time that the Short Term Option Series are initially opened for trading on the Exchange (e.g., if seven series are initially opened, there will be at least three strike prices above and three strike prices below the value of the underlying security). Any strike prices listed by the Exchange shall be reasonably close to the price of the underlying equity security (which underlying security price shall be determined in accordance with the OLPP as reflected in Rule 4.7) and within the following parameters: (A) if the price of the underlying is less than or equal to $20, strike prices shall be not more than 100% above or below the price of the underlying security; and (B) if the price of the underlying security is greater than $20, strike prices shall be not more than 50% above or below the price of the underlying security.

(4) *Additional Series.* The Exchange may open up to 10 additional series for each option class that participates in the Short Term Option Series Program when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the exercise price or prices of the series already opened. Any additional strike prices listed by the Exchange shall be reasonably close to the price of the underlying equity security (which underlying security price shall be determined in accordance with the OLPP as reflected in Rule 4.7) and within the following parameters: (A) if the price of the underlying is less than or equal to $20, additional strike prices shall be not more than 100% above or below the price of the underlying security; and (B) if the price of the underlying security is greater than $20, additional strike prices shall be not more than 50% above or below the price of the underlying security. The Exchange may also open additional strike prices of Short Term Option Series that are more than 50% above or below the current price of the underlying security (if the price is greater than $20); provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market-Makers trading for their own account shall not be considered when determining customer interest under this provision. In the event that the underlying security has moved such that there are no series that are at least 10% above or below the current price of the underlying security and all existing series have open interest, the Exchange may list additional series, in excess of the thirty series per class limit set forth in Rule 4.5(d)(1), that are between 10% and 30% above or below the price of the underlying security. The opening of the new Short Term Option Series shall not affect the series of options of the same class previously opened. Notwithstanding any other provisions in this Rule 4.5, Short Term Option Series may be added up to and including on the Short Term Option Expiration Date for that options series.

(5) *Strike Interval.* The interval between strike prices on Short Term Option Series may be:

(A) $0.50 or greater where the strike price is less than $100, and $1 or greater where the strike price is between $100 and $150 for all classes that participate in the Short Term Option Series Program;

(B) $0.50 or greater for classes that trade in one dollar increments in non-Short Term Options and that participate in the Short Term Option Series Program; or

(C) $2.50 or greater where the strike price is above $150. A non-Short Term Option that is on a class that has been selected to participate in the Short Term Option Series Program is referred to as a "Related non-Short Term Option."

(6) *Delisting.* In the event that the underlying security has moved such that there are no series that are at least 10% above or below the current price of the underlying security, the Exchange will delist any series with no open interest in both the call and the put series having a: (A) strike higher than the highest price with open interest in the put and/or call series for a given expiration week; and (B) strike lower than the lowest strike price with open interest in the put and/or the call series for a given expiration week.

Related non-Short Term Option series shall be opened during the month prior to expiration in the same manner as permitted in Rule 4.5(d) and in the same strike price intervals that are permitted in this Rule 4.5(d)(5).

(e) *Quarterly Option Series Program.* The Exchange may list and trade options series that expire at the close of business on the last business day of a calendar quarter ("Quarterly Options Series").

(1) *Classes.* The Exchange may list Quarterly Options Series for up to five currently listed options classes that are either index options or options on ETFs. In addition, the Exchange may also list Quarterly Options Series on any options classes that are selected by other securities exchanges that employ a similar program under their respective rules.

(2) *Expiration.* The Exchange may list series that expire at the end of the next consecutive four calendar quarters, as well as the fourth quarter of the next calendar year. For example, if the Exchange is trading Quarterly Options Series in the month of May 2009, it may list series that expire at the end of the second, third, and fourth quarters of 2009, as well as the first and fourth quarters of 2010. Following the second quarter 2009 expiration, the Exchange could add series that expire at the end of the second quarter of 2010.

(3) *Settlement.* Quarterly Options Series will be P.M.-settled.

(4) *Initial Series.* The strike price for each Quarterly Options Series will be fixed at a price per share, with at least two strike prices above and two strike prices below the approximate value of the underlying security at about the time that a Quarterly Options Series is opened for trading on the Exchange. The Exchange shall list strike prices for a Quarterly Options Series that are within $5 from the closing price of the underlying on the preceding day.

(5) *Additional Series.* Additional Quarterly Options Series of the same class may be open for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves

substantially from the initial exercise price or prices. To the extent that any additional strike prices are listed by the Exchange, such additional strike prices shall be within 30% above or below the closing price of the underlying ETF on the preceding day. The Exchange may also open additional strike prices of Quarterly Option Series in ETF options that are more than 30% above or below the current price of the underlying ETF provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market-Makers trading for their own account shall not be considered when determining customer interest under this provision. The opening of the new Quarterly Options Series shall not affect the series of options of the same class previously opened.

(6) *Strike Interval.* The interval between strike prices on Quarterly Options Series shall be the same as the interval for strike prices for series in that same options class that expire in accordance with the normal monthly expiration cycle.

(7) *Delisting Policy.*

(A) With respect to Quarterly Options Series in ETF options added pursuant to the above paragraphs, the Exchange will, on a monthly basis, review series that are outside a range of five strikes above and five strikes below the current price of the underlying ETF, and delist series with no open interest in both the put and the call series having a: (i) strike higher than the highest strike price with open interest in the put and/or call series for a given expiration month; and (ii) strike lower than the lowest strike price with open interest in the put and/or call series for a given expiration month.

(B) Notwithstanding the above referenced delisting policy, customer requests to add strikes and/or maintain strikes in Quarterly Options Series in ETF options in series eligible for delisting shall be granted.

(C) In connection with the above referenced delisting policy, if the Exchange identifies series for delisting, the Exchange shall notify other options exchanges with similar delisting policies regarding eligible series for delisting, and shall work with such other exchanges to develop a uniform list of series to be delisted, so as to ensure uniform series delisting of multiply listed Quarterly Options Series in ETF options.

(8) *Additional ETF Series.* During the last quarter of 2008 (and for the new expiration month being added after December Quarterly Option Series expiration), the Exchange may list up to 100 additional series per expiration month for each Quarterly Options Series in ETF options.

(f) *Long-Term Equity Option Series (LEAPS).*

(1) Notwithstanding conflicting language above, the Exchange may list long-term equity option series (LEAPS) that expire from 12 to 180 months from the time they are listed. There may be up to ten additional expiration months for options on SPY and up to six additional expiration months for all other option classes.

(2) With regard to the listing of new January LEAPS series on equity option classes, options on ETFs, or options on TIRs, the Exchange shall not add new LEAP series on a currently

listed and traded option class earlier than the Monday prior to the September expiration (which is 28 months before the expiration). Pursuant to the OLPP, exchanges that list and trade the same equity option class, ETF option class, or TIR option class are authorized to jointly determine and coordinate with the Clearing Corporation on the date of introduction of new LEAP series for that option class consistent with this paragraph (f)(2).

(3) The Exchange shall not list new LEAP series on equity option classes, options on ETFs, or options on TIRs in a new expiration year if the national average daily contract volume, excluding LEAP and FLEX series, for that option class during the preceding three calendar months is less than 1,000 contracts, unless the new LEAP series has an expiration year that has already been listed on another exchange for that option class. The preceding volume threshold does not apply during the first six months an equity option class, option on an ETF, or option on a TIR is listed on any exchange.

Interpretations and Policies

.01 The interval between strike prices of series of options on individual stocks may be:

(a) *The $1 Strike Price Interval Program.*

(1) *Program Description.* $1.00 or greater strike price intervals where the strike price is $50.00 or less, but not less than $1. Except as provided in subparagraph 3 below, the listing of $1 strike price intervals shall be limited to options classes overlying no more than 150 individual stocks as specifically designated by the Exchange. The Exchange may list $1 strike price intervals on any other option classes if those classes are specifically designated by other securities exchanges that employ a similar $1 Strike Price Interval Program under their respective rules. If a class participates in the $1 Strike Price Interval Program, $2.50 strike price intervals are not permitted between $1 and $50 for non-LEAPS and LEAPs.

(2) *Initial and Additional Series.* To be eligible for inclusion into the $1 Strike Price Interval Program, an underlying stock must close below $50 in its primary market on the previous trading day. After a stock is added to the $1 Strike Price Interval Program, the Exchange may list $1 strike price intervals from $1 to $50 according to the following parameters:

(A) If the price of the underlying stock is equal to or less than $20, the Exchange may list series with an exercise price up to 100% above and 100% below the price of the underlying stock. However, the foregoing restriction shall not prohibit the listing of at least five strike prices above and below the price of the underlying stock per expiration month in an option class. For example, if the price of the underlying stock is $2, the Exchange would be permitted to list the following series: $1, $2, $3, $4, $5, $6, and $7.

(B) If the price of the underlying stock is greater than $20, the Exchange may list series with an exercise price up to 50% above and 50% below the price of the underlying security up to $50.

(C) For the purpose of adding strikes under the $1 Strike Price Interval Program, the "price of the underlying stock" shall be measured in the same way as "the price of the underlying security" is as set forth in the OLPP as reflected in Rule 4.7.

(D) No additional series in $1 strike price intervals may be listed if the underlying stock closes at or above $50 in its primary market. Additional series in $1 strike price intervals may not be added until the underlying stock closes again below $50.

(E) *LEAPS.* For stocks in the $1 Strike Price Interval Program, the Exchange may list one $1 strike price interval between each standard $5 strike interval, with the $1 strike price interval being $2 above the standard strike for each interval above the price of the underlying stock, and $2 below the standard strike for each interval below the price of the underlying stock ("$2 wings"). For example, if the price of the underlying stock is $24.50, the Exchange may list the following standard strikes in $5 intervals: $15, $20, $25, $30 and $35. Between these standard $5 strikes, the Exchange may list the following $2 wings: $18, $27 and $32.

In addition, the Exchange may list the $1 strike price interval which is $2 above the standard strike just below the underlying price at the time of listing. In the above example, since the standard strike just below the underlying price ($24.50) is $20, the Exchange may list a $22 strike. The Exchange may add additional long-term options series strikes as the price of the underlying stock moves, consistent with the OLPP.

Additional long-term option strikes may not be listed within $1 of an existing strike until less than nine months to expiration.

(3) The Exchange may list $1 strike prices up to $5 in LEAPS in up to 200 option classes on individual stocks. The Exchange may not list $1 strike price intervals within $0.50 of an existing $2.50 strike in the same expiration.

(4) *Delisting Policy.* For options classes selected to participate in the $1 Strike Price Interval Program, the Exchange will on a monthly basis review series that were originally listed under the $1 Strike Price Interval Program with strike prices that are more than $5 from the current value of an options class and delist those series with no open interest in both the put and the call series having a: (A) strike higher than the highest strike price with open interest in the put and/or call series for a given expiration month; and (B) strike lower than the lowest strike price with open interest in the put and/or call series for a given expiration month.

If the Exchange identifies series for delisting pursuant to this policy, the Exchange shall notify the other options exchanges with similar delisting policies regarding the eligible series for delisting, and shall work jointly with such other exchanges to develop a uniform list of series to be delisted so as to ensure uniform series delisting of multiply listed options classes.

Notwithstanding the above delisting policy, the Exchange may grant member requests to add strikes and/or maintain strikes in series of options classes traded pursuant to this Program that are eligible for delisting.

A stock shall remain in the $1 Strike Price Interval Program until otherwise designated by the Exchange.

(b) $0.50 or greater beginning at $0.50 where the strike price is $5.50 or less, but only for options classes whose underlying security closed at or below $5.00 in its primary market on the previous trading day and which have national average daily volume that equals or exceeds 1000 contracts per day as determined by OCC during the preceding three calendar months. The listing of $0.50 strike prices shall be limited to options classes overlying no more than 20 individual stocks (the "$0.50 Strike Program") as specifically designated by the Exchange. The Exchange may list $0.50 strike prices on any other option classes if those classes are specifically designated by other securities exchanges that employ a similar $0.50 Strike Program under their respective rules. A stock shall remain in the $0.50 Strike Program until otherwise designated by the Exchange.

(c) $2.50 or greater where the strike price is $25.00 or less; provided, however, that the Exchange may not list $2.50 intervals (e.g., $12.50, $17.50) for any class included within the $1 Strike Program if the addition of $2.50 intervals would cause the class to have strike price intervals that are $0.50 apart.

(d) $5.00 or greater where the strike price is greater than $25.00.

(e) $10.00 or greater where the strike price is greater than $200, except as provided in paragraph (f) below.

(f) The Exchange may list series in intervals of $5 or greater where the strike price is more than $200 in up to five option classes on individual stocks. The Exchange may list $5 strike prices on any other option classes designated by other securities exchange that employ a $5 Strike Program.

(g) Notwithstanding any other provision regarding strike prices in this rule, Related non-Short Term Option series shall be opened during the week prior to the week that such Related non- Short Term Option series expire in the same manner as permitted in Rule 4.5(d) and in the same strike price intervals that are permitted in Rule 4.5(d)(5).

.02 When put option contracts or put and call option contracts are first opened for trading on an underlying security, the Exchange may open a series of put options contracts corresponding to each series of call option contracts open or to be opened for trading on the same underlying security.

.03 New series of options on an individual stock may be added until the beginning of the month in which the option contract will expire. Due to unusual market conditions, the Exchange, in its discretion, may add new series of options on an individual stock until the close of trading on the business day prior to expiration.

.04

(a) *$2.50 Strike Price Program.* Pursuant to a program initially approved by the SEC in 1995, the Exchange may select up to 60 options classes on individual stocks for which the interval of strike prices will be $2.50 where the strike price is greater than $25 but less than $50. In addition to those options selected by the Exchange, the strike price interval may be $2.50 in any multiply-traded option once another exchange trading that option selects such option, as part of this program.

(b) In addition, on any option class that has been selected as part of the $2.50 Strike Price Program pursuant to paragraph (a) above, the Exchange may list $2.50 strike prices between $50 and $100, provided the $2.50 strike prices between $50 and $100 are no more than $10 from the closing price of the underlying stock in its primary market on the preceding day. For example, if an option class has been selected as part of $2.50 Strike Price Program, and the underlying stock closes at $48.50 in its primary market, the Exchange may list the $52.50 strike price and the $57.50 strike price on the next business day. If an underlying security closes at $54, the Exchange may list the $52.50 strike price, the $57.50 strike price, and the $62.50 strike price on the next business day.

(c) An option class shall remain in the $2.50 Strike Price Program until otherwise designated by the Exchange and a decertification notice is sent to the Options Clearing Corporation.

.05 Notwithstanding Interpretation and Policy .01 above, the interval between strike prices may be $0.50 or greater for options based on IPSs that correspond generally to the price and yield performance of 1/10th the value of the S&P 100 Index, and for options based on a security that represents an interest in a registered investment company that corresponds generally to the price and yield performance of 1/100th the value of the Dow Jones Industrial Average.

.06 Notwithstanding Interpretation and Policy .01 above, the interval between strike prices may be $1.00 or greater for options based on a security that represents an interest in a registered investment company that corresponds generally to the price and yield performance of the Nasdaq-100 Index.

.07

(a) Notwithstanding Interpretation and Policy .01 above, and except for options on Units covered under Interpretation and Policies .05 and .06 above, the interval between strike prices of series of options on Units, as defined under Interpretation and Policy .06 to Rule 4.3, will be $1 or greater where the strike price is $200 or less and $5.00 or greater where the strike price is greater than $200. For options on Units that are used to calculate a volatility index, the Exchange may open for trading $0.50 strike price intervals as provided for in Interpretation and Policy .15 to this Rule 4.5.

(b) Notwithstanding Interpretation and Policy .01 and Interpretation and Policy .07(a) above, the interval between strike prices of series of options on Units of the Standard & Poor's Depository Receipts Trust ("SPY"), iShares S&P 500 Index ETF ("IVV"), PowerShares QQQ Trust ("QQQ"), iShares Russell 2000 Index Fund ("IWM"), and The DIAMONDS Trust ("DIA") will be $1 or greater.

.08 Notwithstanding Interpretation and Policy .01 above, the interval between strike prices of series of options on Index Linked Securities, as defined under Interpretation and Policy .13 to Rule 4.3, will be $1 or greater where the strike price is $200 or less and $5 or greater where the strike price is greater than $200.

.09 Notwithstanding Interpretation and Policy .01 above, the intervals between strike prices of Mini-SPX option series shall be determined in accordance with Interpretation and Policy .11 to Rule 4.13.

.10 Notwithstanding Interpretation and Policy .01 above, the intervals between strike prices for S&P 500 Dividend Index option series shall be determined in accordance with Interpretation and Policy .01(f) to Rule 4.13.

.11 Notwithstanding Interpretation and Policy .01 above, the intervals between strike prices for GVZ option series shall be determined in accordance with Interpretation and Policy .01(g) to Rule 4.13.

.12 Notwithstanding Interpretation and Policy .01 above, the intervals between strike prices for Mini-NDX option series shall be determined in accordance with Interpretation and Policy .01(a) and (h) to Rule 4.13.

.13 Notwithstanding Interpretation and Policy .01 above, the intervals between strike prices for Mini-RUT option series shall be determined in accordance with Interpretation and Policy .01(i) to Rule 4.13.

.14 Notwithstanding Interpretation and Policy .01 above, the interval between strike prices of series of options on Trust Issued Receipts, including HOLding Company Depository ReceiptS (HOLDRS), as defined under Interpretation and Policy .07 to Rule 4.3, will be $1 or greater where the strike price is $200 or less and $5 or greater where the strike price is greater than $200.

.15 *$0.50 and $1 Strike Price Intervals for Options Used to Calculate Volatility Indexes.* Notwithstanding Interpretation and Policy .01 above, the Exchange may open for trading series at $0.50 or greater strike price intervals where the strike price is less than $75 and $1.00 or greater strike price intervals where the strike price is between $75 and $150 for options that are used to calculate a volatility index.

.16 Notwithstanding the requirements set forth in this Rule 4.5 and the Interpretations and Policies thereunder, the Exchange may list additional expiration months on options classes opened for trading on the Exchange if such expiration months are opened for trading on at least one other registered national securities exchange.

.17 Notwithstanding Interpretation and Policy .01 above, the intervals between strike prices for Cboe S&P 500 AM/PM Basis option series shall be determined in accordance with Interpretation and Policy .01(e) to Rule 4.13.

.18 *Mini Option Contracts.*

(a) After an option class on a stock, ETF, TIR, ETN, and other Index-Linked Security with a 100 share deliverable has been approved for listing and trading on the Exchange, series of option contracts with a 10 share deliverable on that stock, ETF share, TIR, ETN and other Index-Linked Security may be listed for all expirations opened for trading on the Exchange. Mini-option contracts may currently be listed on SPDR S&P 500 (SPY), Apple, Inc. (AAPL), SPDR Gold Trust (GLD), Alphabet, Inc. (GOOGL) and Amazon.com Inc. (AMZN).

(b) Strike prices for mini-options shall be set at the same level as for standard options. For example, a call series strike price to deliver 10 shares of stock at $125 per share has a total deliverable value of $1250, and the strike price will be set at 125.

(c) No additional series of mini-options may be added if the underlying security is trading at $90 or less. The underlying security must trade above $90 for five consecutive days prior to listing mini-option contracts in an additional expiration month.

(d) The minimum price variation for bids and offers for mini-options shall be the same as permitted for standard options on the same security. For example, if a security participates in the Penny Interval Program, mini-options on the same underlying security may be quoted in the same minimum increments, e.g., $0.01 for all quotations in series that are quoted at less than $3 per contract and $0.05 for all quotations in series that are quoted at $3 per contract or greater, $0.01 for all SPY option series, and mini-options do not separately need to qualify for the Penny Interval Program.

.19 Notwithstanding Interpretation and Policy .01 above, the intervals between strike prices for Cboe Short-Term Volatility Index (VXST) option series shall be determined in accordance with Interpretation and Policy .01(g) to Rule 4.13.

[Effective October 7, 2019 (SR-CBOE-2019-090); amended June 11, 2020 (SR-CBOE-2020-054)]

Rule 4.6. Adjustments

Options contracts are subject to adjustments in accordance with the Rules of the Options Clearing Corporation.

[Effective October 7, 2019 (SR-CBOE-2019-090)]

Rule 4.7. Select Provisions of Options Listing Procedures Plan

(a) The select provisions set forth in this Rule 4.7 were adopted by the Exchange and the other Sponsor Exchanges as a quote mitigation strategy and are codified in the Options Listing Procedures Plan ("OLPP"). A complete copy of the current OLPP may be accessed at: http://www.optionsclearing.com/clearing/industry-services/olpp.jsp.

(b) The exercise price of each option series listed by the Exchange shall be fixed at a price per share which is reasonably close to the price of the underlying equity security, Exchange Traded Fund ("ETF" and referred to as a "Unit" in Rule 4.3) or Trust Issued Receipt ("TIR") at or about the time the Exchange determines to list such series. Additionally:

(1) *Exercise Price Range Limitations*. Except as provided in subparagraphs (b)(2) through (4) below, if the price of the underlying security is less than or equal to $20, the Exchange shall not list new option series with an exercise price more than 100% above or below the price of the underlying security. However, the foregoing restriction shall not prohibit the listing of at least three exercise prices per expiration month in an option class. Except as provided in Rule 4.5(d)(4), if the price of the underlying security is greater than $20, the Exchange shall not list new option series with an exercise price more than 50% above or below the price of the underlying security. The price of the underlying security is measured by:

(A) for intra-day add-on series and next-day series additions, the daily high and low of all prices reported by all national securities exchanges;

(B) for new expiration months, the daily high and low of all prices reported by all national securities exchanges on the day the Exchange determines its preliminary notification of new series;

(C) for option series to be added as a result of pre-market trading, the most recent share price reported by all national securities exchanges between 8:45 a.m. and 9:30 a.m.; and

(D) for option series to be added based on trading following regular trading hours, the most recent share price reported by all national securities exchanges between 4:15 p.m. and 6:00 p.m.

(2) The series exercise price range limitations contained in subparagraph (1) above do not apply with regard to: (A) the listing of $1 strike prices in option classes participating in the $1 Strike Program. Instead, the Exchange shall be permitted to list $1 strike prices to the fullest extent as permitted under its rules for the $1 Strike Program; or (B) the listing of series of Flexible Exchange Options.

(3) The Exchange may designate up to five option classes to which the series exercise price range may be up to 100% above and below the price of the underlying security (which underlying security price shall be determined in accordance with subparagraph (1) above). Such designations shall be made on an annual basis and shall not be removed during the calendar year unless the option class is delisted by the Exchange, in which case the Exchange may designate another option class to replace the delisted class. If a designated option class is delisted by the Exchange but continues to trade on at least one options exchange, the option class shall be subject to the limitations on listing new series set forth in subparagraph (1) above unless designated by another exchange.

(4) If the Exchange has designated five option classes pursuant to subparagraph (3) above, and requests that one or more additional option classes be excepted from the limitations on listing new series set forth in subparagraph (1) above, the additional option class(es) shall be so designated upon the unanimous consent of all exchanges that trade the option class(es). Additionally pursuant to the Exchanges request, the percentage range for the listing of new series may be increased to more than 100% above and below the price of the underlying security for an option class, by the unanimous consent of all exchanges that trade the designated option class.

Exceptions for an additional class or for an increase of the exercise price range shall apply to all standard expiration months existing at the time of the vote, plus the next standard expiration month to be added, and also to any non-standard expirations that occur prior to the next standard monthly expiration.

(5) The provisions of this paragraph (b) shall not permit the listing of series that are otherwise prohibited by the rules of the Exchange or the OLPP. To the extent the rules of the Exchange permit the listing of new series that are otherwise prohibited by the provisions of the OLPP, the provisions of the OLPP shall govern.

(6) The Exchange may list an options series that is listed by another options exchange, provided that at the time such series was listed it was not prohibited under the provisions of the OLPP or the rules of the exchange that initially listed the series.

[Effective October 7, 2019 (SR-CBOE-2019-090)]

Rule 4.8. Single Stock Dividend Options

(a) The Exchange may list single stock dividend options (SSDO) series that overlie the ordinary cash dividends paid by an issuer underlying a stock which is eligible for options trading on the Exchange. An SSDO will reflect ten times the ordinary cash dividends paid by an issuer accumulated over a one-year period (accrual period). The accrual period runs from the business day after the third Friday of December through the third Friday of the following December. The Exchange may list an SSDO with an accrual period of less than a year (e.g., six months or one quarter), but in no event will an SSDO have an accrual period of less than a quarter of a year. For an SSDO with an accrual period of less than a year, the accrual period runs from the business day after the third Friday of the month beginning the accrual period through the third Friday of the month ending the accrual period.

(b) *Exercise Style.* SSDO options will have European-style exercise and be P.M.-settled. Writers of SSDOs are subject to assignment only at expiration. The last trading day of an SSDO will be the business day prior to Expiration of the specific SSDO series.

(c) *Strike Price Intervals.* The interval between strike prices may be 1 point or greater where the strike price is $200 or less and 2.5 points or greater where the strike price is greater than $200.

(d) *Initial and Additional Series.* In-the-money, at-the-money, and out-of-the-money strike prices will be listed initially for an SSDO for a specific accrual period. The Exchange may add new strike prices as the expected value of the accrued dividends for the underlying issuer moves or upon request by an Exchange Trading Permit Holder.

(e) *Premium Quotation.* SSDOs will be quoted and traded in decimals. Each point of a SSDO price equals $100. The minimum price variation for bids and offers shall be established on a class-by-class basis by the Exchange and shall not be less then $0.01 ($1.00).

(f) *Expiration Months.* The Exchange may list up to five annual contract months that expire in December in different years for any single stock underlying an SSDO and up to ten contract months for accrual periods of less than a year. Near-term SSDO options reflect dividends accumulating in the then-current accrual period. All other SSDO options (i.e., contracts listed for trading that are not in the then-current accrual period) reflect dividends expected in comparable accrual periods beyond the current accrual period.

(g) *Position and Exercise Limits.* Position and exercise limits for SSDOs shall be the same as those for standard options overlying the same underlying stock. Near-term positions in SSDOs will be aggregated with longer-dated positions in SSDOs with the same underlying stock for position and exercise limit purposes. Exemptions may be available for certain qualified hedging strategies. Positions in SSDOs will not be aggregated with positions in the ordinary options overlying the stock of the issuer underlying the SSDOs. FLEX options positions on an SSDO will be aggregated with the non-FLEX positions for that SSDO.

(h) *Settlement.* The exercise-settlement value of an SSDO is ten (10) times the ordinary cash dividends paid by the issuer accumulated over the accrual period ending on the last business day before the Expiration Date. The exercise-settlement amount is equal to the difference between the exercise settlement value and the exercise price of the option, multiplied by $100. Exercise will result in delivery of cash on the business day following expiration.

(i) *FLEX Eligibility.* The Exchange designates SSDOs as eligible for trading as FLEX Options as provided for in Chapter 4, Section C.

[Effective October 7, 2019 (SR-CBOE-2019-090)]

SECTION B. INDEX OPTIONS

The Rules in this Chapter 4, Section B are applicable only to index options. All other Rules also apply to the options provided for in this Chapter 4, Section B, unless otherwise provided in this Chapter 4, Section B or as the context may otherwise require.

Rule 4.10. Designation of the Index

(a) *General.* The component securities of an index underlying an index option contract need not meet the requirements of Rule 4.3. Except as set forth in subparagraphs (b), (d), and (f) below, the listing of a class of index options on a new underlying index will be treated by the Exchange as a proposed rule change subject to filing with and approval by the Commission under Section 19(b) of the Exchange Act.

(b) *Narrow-Based Index Initial Listing Criteria.* Notwithstanding paragraph (a) above, the Exchange may trade options on a narrow-based index pursuant to Rule 19b-4(e) of the Securities Exchange Act of 1934, if each of the following conditions is satisfied:

(1) The options are designated as A.M.-settled index options;

(2) The index is capitalization-weighted, price-weighted, equal dollar-weighted, or modified capitalization-weighted, and consists of ten or more component securities;

(3) Each component security has a market capitalization of at least $75 million, except that for each of the lowest weighted component securities in the index that in the aggregate account for no more than 10% of the weight of the index, the market capitalization is at least $50 million;

(4) Trading volume of each component security has been at least one million shares for each of the last six months, except that for each of the lowest weighted component securities in the index that in the aggregate account for no more than 10% of the weight of the index, trading volume has been at least 500,000 shares for each of the last six months;

(5) In a capitalization-weighted index or a modified capitalization-weighted index, the lesser of the five highest weighted component securities in the index or the highest weighted component securities in the index that in the aggregate represent at least 30% of the total number of component securities in the index each have had an average monthly trading volume of at least 2,000,000 shares over the past six months;

(6) No single component security represents more than 25% of the weight of the index, and the five highest weighted component securities in the index do not in the aggregate account for more than 50% (60% for an index consisting of fewer than 25 component securities) of the weight of the index;

(7) Component securities that account for at least 90% of the weight of the index and at least 80% of the total number of component securities in the index satisfy the requirements of Rule 4.3 applicable to individual underlying securities;

(8) All component securities are "reported securities" as defined in Rule 11A a3-1 under the Exchange Act;

(9) Non-U.S. component securities (stocks or ADRs) that are not subject to comprehensive surveillance agreements do not in the aggregate represent more than 20% of the weight of the index;

(10) The current underlying index value will be reported at least once every 15 seconds during the time the index options are traded on the Exchange;

(11) An equal dollar-weighted index will be rebalanced at least once every calendar quarter; and

(12) If an underlying index is maintained by a broker-dealer, the index is calculated by a third party who is not a broker-dealer, and the broker-dealer has erected a "Chinese Wall" around its personnel who have access to information concerning changes in and adjustments to the index.

(c) *Narrow-Based Index Maintenance Listing Criteria.* The following maintenance listing standards shall apply to each class of index options originally listed pursuant to paragraph (b) above:

(1) The conditions stated in subparagraphs (b)(1), (3), (6), (7), (8), (9), (10), (11), and (12) must continue to be satisfied, provided that the conditions stated in subparagraph (b)(6) must be satisfied only as of the first day of January and July in each year;

(2) The total number of component securities in the index may not increase or decrease by more than 33 1/3% from the number of component securities in the index at the time of its initial listing, and in no event may be less than nine component securities;

(3) Trading volume of each component security in the index must be at least 500,000 shares for each of the last six months, except that for each of the lowest weighted component securities in the index that in the aggregate account for no more than 10% of the weight of the index, trading volume must be at least 400,000 shares for each of the last six months; and

(4) In a capitalization-weighted index or a modified capitalization-weighted index, the lesser of the five highest weighted component securities in the index or the highest weighted component securities in the index that in the aggregate represent at least 30% of the total number of stocks in the index each have had an average monthly trading volume of at least 1,000,000 shares over the past six months. In the event a class of index options listed on the Exchange fails to satisfy the maintenance listing standards set forth herein, the Exchange shall not open for trading any additional series of options of that class unless such failure is determined by the Exchange not to be significant and the Commission concurs in that determination, or unless the continued listing of that class of index options has been approved by the Commission under Section 19(b)(2) of the Exchange Act.

(d) *Micro Narrow-Based Security Index Initial Listing Criteria.* Notwithstanding paragraph (a) above, the Exchange may trade options on a Micro Narrow-Based security index pursuant to Rule 19b-4(e) of the Securities Exchange Act of 1934, if each of the following conditions is satisfied:

(1) The Index is a security index:

(A) that has nine or fewer component securities;

(B) in which a component security comprises more than 30% of the index's weighting;

(C) in which the five highest weighted component securities in the aggregate comprise more than 60% of the index's weighting; or

(D) in which the lowest weighted component securities comprising, in the aggregate, 25% of the index's weighting have an aggregate dollar value of average daily trading volume of less than $50,000,000 (or in the case of an index with 15 or more component securities, $30,000,000) except that if there are two or more securities with equal weighting that could be included in the calculation of the lowest weighted component securities comprising, in the aggregate, 25% of the index's weighting, such securities shall be ranked from lowest to highest dollar value of average daily trading volume and shall be included in the calculation based on their ranking starting with the lowest ranked security;

(2) The index is capitalization-weighted, modified capitalization-weighted, price-weighted, share weighted, equal dollar-weighted, approximate equal-dollar weighted, or modified equal-dollar weighted;

(A) For the purposes of this Rule 4.10(d), an approximate equal-dollar weighted index is composed of one or more securities in which each component security will be weighted equally based on its market price on the index's selection date and the index must be reconstituted and rebalanced if the notional value of the largest component is at least twice the notional volume of the smallest component for 50% or more of the trading days in the three months prior to December 31 of each year. For purposes of this provision the "notional value" is the market price of the component times the number of shares of the underlying component in the index. Reconstitution and rebalancing are also mandatory if the number of components in the index is greater than five at the time of rebalancing. The Exchange reserves the right to rebalance quarterly at its discretion.

(B) For the purposes of this Rule 4.10(d), a modified equal-dollar weighted index is an index in which each underlying component represents a pre-determined weighting percentage of the entire index. Each component is assigned a weight that takes into account the relative market capitalization of the securities comprising the index. A modified equal-dollar weighted index will be balanced quarterly.

(C) For the purposes of this Rule 4.10(d), a share-weighted index is calculated by multiplying the price of the component security by an adjustment factor. Adjustment factors are chosen to reflect the investment objective deemed appropriate by the

designer of the index and will be published by the Exchange as part of the contract specifications. The value of the index is calculated by adding the weight of each component security and dividing the total by an index divisor, calculated to yield a benchmark index level as of a particular date. A share-weighted index is not adjusted to reflect changes in the number of outstanding shares of its components. A share-weighted Micro Narrow-Based index will not be re- balanced. If a share-weighted Micro Narrow-Based Index fails to meet the maintenance listing standards under Rule 4.10(e), the Exchange will restrict trading in existing option series to closing transactions and will not issue additional series for that index.

(D) The Exchange may rebalance any Micro Narrow-Based index on an interim basis if warranted as a result of extraordinary changes in the relative values of the component securities. To the extent investors with open positions must rely upon the continuity of the options contract on the index, outstanding contracts are unaffected by rebalancings.

(3) Each component security in the index has a minimum market capitalization of at least $75 million, except that each of the lowest weighted securities in the index that in the aggregate account for no more than 10% of the weight of the index may have a minimum market capitalization of only $50 million;

(4) The average daily trading volume in each of the preceding six months for each component security in the index is at least 45,500 shares, except that each of the lowest weighted component securities in the index that in the aggregate account for no more than 10% of the weight of the index may have an average daily trading volume of only 22,750 shares for each of the last six months;

(5) In a capitalization-weighted index, the lesser of: (A) the five highest weighted component securities in the index each have had an average daily trading volume of at least 90,000 shares over the past six months; or (B) the highest weighted component securities in the index that in the aggregate represent at least 30% of the total number of component securities in the index each have had an average daily trading volume of at least 90,000 shares over the past six months;

(6) Subject to subparagraphs (4) and (5) above, the component securities that account for at least 90% of the total index weight and at least 80% of the total number of component securities in the index must meet the requirements of Rule 4.3 applicable to individual underlying securities;

(7)

(A) Each component security in the index is a "reported security" as defined in Rule 11Aa3-1 under the Exchange Act; and

(B) Foreign securities or ADRs that are not subject to comprehensive surveillance sharing agreements do not represent more than 20% of the weight of the index;

(8) The current underlying index value will be reported at least once every 15 seconds during the time the index options are traded on the Exchange;

(9) An equal dollar-weighted index will be rebalanced at least once every quarter;

(10) If the underlying index is maintained by a broker-dealer, the index is calculated by a third party who is not a broker-dealer, and the broker-dealer has in place an information barrier around its personnel who have access to information concerning changes in and adjustments to the index;

(11) Each component security in the index is registered pursuant to Section 12 of the Exchange Act; and

(12) Cash settled index options are designated as A.M.-settled options.

(e) *Micro Narrow-Based Security Index Maintenance Listing Criteria.* The following maintenance listing standards shall apply to each class of index options originally listed pursuant to paragraph (d) above:

(1) The index meets the criteria of subparagraph (d)(1) of this Rule;

(2) Subject to subparagraphs (e)(4) and (9) below, the component securities that account for at least 90% of the total index weight and at least 80% of the total number of component securities in the index must meet the requirements of Rule 4.3;

(3) Each component security in the index has a market capitalization of at least $75 million, except that each of the lowest weighted component securities that in the aggregate account for no more than 10% of the weight of the index may have a market capitalization of only $50 million;

(4) The average daily trading volume in each of the preceding six months for each component security in the index is at least 22,750 shares, except that each of the lowest weighted component securities in the index that in the aggregate account for no more than 10% of the weight of the index may have an average daily trading volume of at least 18,200 shares for each of the last six months;

(5) Each component security in the index is a "reported security" as defined in Rule 11Aa3-1 under the Exchange Act;

(6) Foreign securities or ADRs thereon that are not subject to comprehensive surveillance sharing agreements do not represent more than 20% of the weight of the index;

(7) The current underlying index value will be reported at least once every 15 seconds during the time the index options are traded on the Exchange;

(8) If the underlying index is maintained by a broker-dealer, the index is calculated by a third party who is not a broker-dealer, and the broker-dealer has in place an information barrier

around its personnel who have access to information concerning changes in and adjustments to the index;

(9) In a capitalization-weighted index the lesser of: (A) the five highest weighted component securities in the index each have had an average daily trading volume of at least 45,500 shares over the past six months; or (B) the highest weighted component securities in the index that in the aggregate represent at least 30% of the total number of stocks in the index each have had an average daily trading volume of at least 45,500 shares over the past six months;

(10) The total number of component securities in the index may not increase or decrease by more than 33 1/3% from the number of component securities in the index at the time of its initial listing;

(11) Trading volume of each component security in the index must be at least 500,000 shares for each of the last six months, except that for each of the lowest weighted component securities in the index that in the aggregate account for no more than 10% of the weight of the index, trading volume must be at least 400,000 shares for each of the last six months;

(12) In a capitalization-weighted index, the lesser of the five highest weighted component securities in the index or the highest weighted component securities in the index that in the aggregate represent at least 30% of the total number of stocks in the index each have had an average monthly trading volume of at least 1,000,000 shares over the past six months;

(13) Each component security in the index is registered pursuant to Section 12 of the Exchange Act;

(14) In an approximate equal-dollar weighted index, the index must be reconstituted and rebalanced if the notional value of the largest component is at least twice the notional volume of the smallest component for 50% or more of the trading days in the three months prior to December 31 of each year. For purposes of this provision the "notional value" is the market price of the component times the number of shares of the underlying component in the index. Reconstitution and rebalancing are also mandatory if the number of components in the index is greater than five at the time of rebalancing. The Exchange reserves the right to rebalance quarterly at its discretion;

(15) In a modified equal-dollar weighted index the Exchange will re-balance the index quarterly;

(16) In a share-weighted index, if a share-weighted Micro Narrow-Based Index fails to meet the maintenance listing standards under Rule 4.10(e), the Exchange will not re-balance the index, will restrict trading in existing option series to closing transactions, and will not issue additional series for that index; and

(17) In the event a class of index options listed on the Exchange fails to satisfy the maintenance listing standards set forth herein, the Exchange shall not open for trading any additional series of options of that class unless such failure is determined by the Exchange not to be significant and the Commission concurs in that determination, or unless the continued

listing of that class of index options has been approved by the Commission under Section 19(b)(2) of the Exchange Act.

(f) *Broad-Based Index Initial Listing Criteria.* Notwithstanding paragraph (a) above, the Exchange may trade options on a broad-based index pursuant to Rule 19b-4(e) of the Exchange Act, if each of the following conditions is satisfied:

(1) The index is broad-based, as defined in Rule 4.11;

(2) Options on the index are designated as A.M.-settled;

(3) The index is capitalization-weighted, modified capitalization-weighted, price-weighted, or equal dollar-weighted;

(4) The index consists of 50 or more component securities;

(5) Component securities that account for at least 95% of the weight of the index have a market capitalization of at least $75 million, except that component securities that account for at least 65% of the weight of the index have a market capitalization of at least $100 million;

(6) Component securities that account for at least 80% of the weight of the index satisfy the requirements of Rule 4.3 applicable to individual underlying securities;

(7) Each component security that accounts for at least 1% of the weight of the index has an average daily trading volume of at least 90,000 shares during the last six-month period;

(8) No single component security accounts for more than 10% of the weight of the index, and the five highest weighted component securities in the index do not, in the aggregate, account for more than 33% of the weight of the index;

(9) Each component security is an NMS stock;

(10) Non-U.S. component securities (stocks or ADRs) that are not subject to comprehensive surveillance agreements do not, in the aggregate, represent more than 20% of the weight of the index;

(11) The current index value is widely disseminated at least once every 15 seconds by the Options Price Reporting Authority, CTA/CQ, NIDS or one or more major market data vendors during the time options on the index are traded on the Exchange;

(12) The Exchange reasonably believes it has adequate system capacity to support the trading of options on the index, based on a calculation of the Exchange's current Independent System Capacity Advisor allocation and the number of new messages per second expected to be generated by options on such index;

(13) An equal dollar-weighted index is rebalanced at least once every calendar quarter;

(14) If an index is maintained by a broker-dealer, the index is calculated by a third-party who is not a broker-dealer, and the broker-dealer has erected an informational barrier around its personnel who have access to information concerning changes in, and adjustments to, the index;

(15) The Exchange has written surveillance procedures in place with respect to surveillance of trading of options on the index.

(g) *Broad-Based Index Maintenance Listing Criteria.* The following maintenance listing standards shall apply to each class of index options originally listed pursuant to paragraph (f) above:

(1) The requirements set forth in subparagraphs (f)(1) through (f)(3) and (f)(9) through (f)(15) must continue to be satisfied. The requirements set forth in subparagraphs (f)(5) through (f)(8) must be satisfied only as of the first day of January and July in each year;

(2) The total number of component securities in the index may not increase or decrease by more than 10% from the number of component securities in the index at the time of its initial listing;

In the event a class of index options listed on the Exchange fails to satisfy the maintenance listing standards set forth herein, the Exchange shall not open for trading any additional series of options of that class unless the continued listing of the class of index options has been approved by the Commission under Section 19(b)(2) of the Exchange Act.

(h) *Initial Listing Criteria for MSCI EAFE Index (EAFE), MSCI Emerging Markets Index (EM), FTSE Emerging Index (FTSE Emerging), and FTSE Developed Europe Index (FTSE Developed) Index Options.* The Exchange may trade EAFE, EM, FTSE Emerging, and FTSE Developed options if each of the following conditions is satisfied:

(1) The index is broad-based, as defined in Rule 4.11;

(2) Options on the index are designated as P.M.-settled index options;

(3) The index is capitalization-weighted, price-weighted, modified capitalization-weighted or equal dollar-weighted;

(4) The index consists of 500 or more component securities;

(5) All of the component securities of the index will have a market capitalization of greater than $100 million;

(6) No single component security accounts for more than 15% of the weight of the index, and the five highest weighted component securities in the index do not, in the aggregate, account for more than 50% of the weight of the index;

(7) Non-U.S. component securities (stocks or ADRs) that are not subject to comprehensive surveillance agreements do not, in the aggregate, represent more than: (A) 25% of the weight

of the EAFE Index, (B) 27.5% of the weight of the EM Index, (C) 32.5% of the weight of the FTSE Developed Index, and (D) 35% of the weight of the FTSE Emerging Index;

(8) During the time options on the index are traded on the Exchange, the current index value is widely disseminated at least once every 15 seconds by one or more major market data vendors. However, the Exchange may continue to trade EAFE, FTSE Developed, and FTSE Emerging options after trading in all component securities has closed for the day and the index level is no longer widely disseminated at least once every 15 seconds by one or more major market data vendors, provided that EAFE, FTSE Developed, and FTSE Emerging futures contracts, respectively, are trading and prices for those contracts may be used as a proxy for the current index value;

(9) The Exchange reasonably believes it has adequate system capacity to support the trading of options on the index, based on a calculation of the Exchange's current Independent System Capacity Advisor (ISCA) allocation and the number of new messages per second expected to be generated by options on such index; and

(10) The Exchange has written surveillance procedures in place with respect to surveillance of trading of options on the index.

(i) *Maintenance Listing Criteria for MSCI EAFE Index (EAFE), MSCI Emerging Markets Index (EM), FTSE Emerging Index (FTSE Emerging), and FTSE Developed Europe Index (FTSE Developed) Index Options.* The following maintenance listing standards shall apply to each class of index options originally listed pursuant to paragraph (h):

(1) The conditions set forth in subparagraphs (h)(1), (2), (3), (4), (8), (9), and (10) must continue to be satisfied. The conditions set forth in subparagraphs (h)(5) and (6) must be satisfied only as of the first day of January and July in each year. The conditions set forth in subparagraph (h)(7) must be satisfied as of the first day of the month following the Reporting Authority's review of the weighting of the constituents in the applicable index but in no case less than a quarterly basis; and

(2) The total number of component securities in the index may not increase or decrease by more than 35% from the number of component securities in the index at the time of its initial listing, except for the EM Index, in which the total number of component securities in the EM Index may not increase or decrease by more than 10% over the last six-month period.

In the event a class of index options listed on the Exchange fails to satisfy the maintenance listing standards set forth herein, the Exchange shall not open for trading any additional series of options of that class unless the continued listing of that class of index options has been approved by the Commission under Section 19(b)(2) of the Exchange Act.

(j) *Initial Listing Criteria for FTSE 100 Index (1/10 th) Options (FTSE 100 Options).* The Exchange may trade FTSE 100 options if each of the following conditions is satisfied:

(1) The index is broad-based, as defined in Rule 4.11;

(2) Options on the index are designated as A.M.-settled index options;

(3) The index is capitalization-weighted, price-weighted, modified capitalization-weighted or equal dollar-weighted;

(4) The index consists of 90 or more component securities;

(5) Each of the component securities of the index will have a market capitalization of greater than $100 million;

(6) No single component security accounts for more than 15% of the weight of the index, and the five highest weighted component securities in the index do not, in the aggregate, account for more than 50% of the weight of the index;

(7) Non-U.S. component securities (stocks or ADRs) that are not subject to comprehensive surveillance agreements do not, in the aggregate, represent more than 20% of the weight of the FTSE 100 Index;

(8) During the time options on the index are traded on the Exchange, the current index value is widely disseminated at least once every 15 seconds by one or more major market data vendors. However, the Exchange may continue to trade FTSE 100 options after trading in all component securities has closed for the day and the index level is no longer widely disseminated at least once every 15 seconds by one or more major market data vendors, provided that FTSE 100 futures contracts are trading and prices for those contracts may be used as a proxy for the current index value;

(9) The Exchange reasonably believes it has adequate system capacity to support the trading of options on the index, based on a calculation of the Exchange's current Independent System Capacity Advisor (ISCA) allocation and the number of new messages per second expected to be generated by options on such index; and

(10) The Exchange has written surveillance procedures in place with respect to surveillance of trading of options on the index.

(k) *Maintenance Listing Criteria for FTSE 100 Index (1/10 th) Options (FTSE 100 Options).* The following maintenance listing standards shall apply to each class of index options originally listed pursuant to paragraph (j):

(1) The conditions set forth in subparagraphs (j)(1), (2), (3), (4), (8), (9), and (10) must continue to be satisfied. The conditions set forth in subparagraphs (j)(5) and (6) must be satisfied only as of the first day of January and July in each year. The conditions set forth in subparagraph (j)(7) must be satisfied as of the first day of the month following the Reporting Authority's review of the weighting of the constituents in the applicable index but in no case less than a quarterly basis; and

(2) The total number of component securities in the index may not increase or decrease by more than 10% from the number of component securities in the index at the time of its initial listing.

In the event a class of index options listed on the Exchange fails to satisfy the maintenance listing standards set forth herein, the Exchange shall not open for trading any additional series of options of that class unless the continued listing of that class of index options has been approved by the Commission under Section 19(b)(2) of the Exchange Act.

(l) *Initial Listing Criteria for FTSE China 50 Index (1/100th) Options (China 50 Options).* The Exchange may trade China 50 options if each of the following conditions is satisfied:

(1) The index is broad-based, as defined in Rule 4.11;

(2) Options on the index are designated as A.M.-settled index options;

(3) The index is capitalization-weighted, price-weighted, modified capitalization-weighted or equal dollar-weighted;

(4) The index consists of 45 or more component securities;

(5) Each of the component securities of the index will have a market capitalization of greater than $100 million;

(6) No single component security accounts for more than 15% of the weight of the index, and the five highest weighted component securities in the index do not, in the aggregate, account for more than 50% of the weight of the index;

(7) Non-U.S. component securities (stocks or ADRs) that are not subject to comprehensive surveillance agreements do not, in the aggregate, represent more than 20% of the weight of the FTSE China 50 Index;

(8) The Exchange may continue to trade China 50 options after trading in all component securities has closed for the day and the index level is no longer widely disseminated at least once every 15 seconds by one or more major market data vendors, provided that China 50 futures contracts are trading and prices for those contracts may be used as a proxy for the current index value;

(9) The Exchange reasonably believes it has adequate system capacity to support the trading of options on the index, based on a calculation of the Exchange's current Independent System Capacity Advisor (ISCA) allocation and the number of new messages per second expected to be generated by options on such index; and

(10) The Exchange has written surveillance procedures in place with respect to surveillance of trading of options on the index.

(m) *Maintenance Listing Criteria for FTSE China 50 Index (1/100th) Options (China 50 Options).* The following maintenance listing standards shall apply to each class of index options originally listed pursuant to paragraph (l).

(1) The conditions set forth in subparagraphs (l)(1), (2), (3), (4), (8), (9), and (10) must continue to be satisfied. The conditions set forth in subparagraphs (l)(5) and (6) must be

satisfied only as of the first day of January and July in each year. The conditions set forth in subparagraph (l)(7) must be satisfied as of the first day of the month following the Reporting Authority's review of the weighting of the constituents in the applicable index but in no case less than a quarterly basis; and

(2) The total number of component securities in the index may not increase or decrease by more than 10% from the number of component securities in the index at the time of its initial listing.

In the event a class of index options listed on the Exchange fails to satisfy the maintenance listing standards set forth herein, the Exchange shall not open for trading any additional series of options of that class unless the continued listing of that class of index options has been approved by the Commission under Section 19(b)(2) of the Exchange Act.

[Effective October 7, 2019 (SR-CBOE-2019-092)]

Rule 4.11. Index Option Definitions

A.M.-Settled Index Option

The term "A.M.-settled index option" means an index option contract for which the current index value at expiration shall be determined as provided in Rule 4.13(a)(4).

Broad-Based Index and Market Index

The terms "market index" and "broad-based index" mean an index designed to be representative of a stock market as a whole or of a range of companies in unrelated industries.

Butterfly Spread Interval

The term "butterfly spread interval" means a value specified by the Exchange which, when added to the exercise price and subtracted from the exercise price defines a range of index values over which the option has an exercise settlement amount greater than $0. For example, a packaged butterfly spread with an exercise price of 800 and a butterfly spread interval of 30 will have an exercise settlement amount greater than $0 for overlying index values between 830 (800 plus 30) and 770 (800 minus 30), and $0 for all other index values.

Cap Interval

The term "cap interval" means a value specified by the Exchange which, when added to the exercise price for such series (in the case of a series of calls) or subtracted from the exercise price for such series (in the case of a series of puts), results in the cap price for such series.

Cap Price

The term "cap price" means the exercise price plus the cap interval for a call or the exercise price minus the cap interval for a put. The cap price is assigned to the capped index option (CAPS) when listed.

Current and Closing Index Value

The term "current index value" in respect of a particular index option contract means the level of the underlying index reported by the Reporting Authority for the index, or any multiple or fraction of such reported level specified by the Exchange. The current index value in respect of a reduced-value LEAP is 1/10th of the current index value of the related index option. The "closing index value" shall be the last index value reported on a business day.

Delayed Start Option Series

The term "Delayed Start Option Series" means a series of a cash-settled index option classes that begins trading without an exercise price and subsequently has its exercise price fixed by the Exchange as provided in Rule 4.13(d).

Index Multiplier

The term "index multiplier" means the amount specified in the contract by which the current index value is to be multiplied to arrive at the value required to be delivered to the holder of a call or by the holder of a put upon valid exercise of the contract.

Individual Stock or ETF Based Volatility Indexes

The term "Individual Stock or ETF Based Volatility Indexes" means volatility indexes that provide an up-to-the-minute market estimate of the expected volatility of its corresponding underlying stock or ETF calculated by using real-time bid/ask quotes of Cboe Options listed options overlying that individual stock or ETF. The following Individual Stock or ETF Based Volatility Indexes have been approved for trading on the Exchange:

Symbol	Underlying Volatility Index
VXAPL	Cboe Equity VIX on Apple
VXAZN	Cboe Equity VIX on Amazon
VXGS	Cboe Equity VIX on Goldman Sachs
VXGOG	Cboe Equity VIX on Google
VXIBM	Cboe Equity VIX on IBM
GVZ	Cboe Gold ETF Volatility Index
OVX	Cboe Crude Oil ETF Volatility Index
VXEEM	Cboe Emerging Markets ETF Volatility Index

VXFXI	Cboe China ETF Volatility Index
VXEWZ	Cboe Brazil ETF Volatility Index
VXGDX	Cboe Gold Miners ETF Volatility Index
VXSLV	Cboe Silver ETF Volatility Index
VXXLE	Cboe Energy Sector ETF Volatility Index

Micro Narrow-Based Index

The term "Micro Narrow-Based Index" means an industry or narrow-based index that meets the specific criteria provided under Rule 4.10(d).

Narrow-Based Index and Industry Index

The terms "narrow-based index" and "industry index" mean an index designed to be representative of a particular industry or a group of related industries and include indices having component securities that are all headquartered within a single country.

Packaged Butterfly Spread

The term "Packaged Butterfly Spread" means a single European-style, cash-settled index option overlying a broad-based index (such as the S&P 100 index or the S&P 500 index) that replicates the combination of four options of the same type on the same underlying interest with the same expiration, two having the same exercise price, the third having an exercise price above the first two by the butterfly spread interval, and the fourth having an exercise price below the exercise price of the first two by the same butterfly spread interval. The exercise price for the Packaged Butterfly Spread is the exercise price of the two options at the mid-point of the replicated butterfly spread. The exercise settlement amount of the Packaged Butterfly Spread is equal to the greater of (a) the butterfly spread interval minus the difference between the current index value and the strike price of the butterfly multiplied by the multiplier (e.g., $100 in the case of Packaged Butterfly Spreads overlying the S&P 100 or the S&P 500) and (b) $0.

Packaged Vertical Spread

The term "Packaged Vertical Spread" means a single European-style, cash-settled index option overlying a broad-based index (such as the S&P 100 index or the S&P 500 index) whose exercise settlement amount is equal to:

(a) in the case of a call, the lessor of (1) the amount the current index level is above the exercise price, or (2) the vertical spread interval, multiplied by a multiplier of either $100 or $500; or

(b) in the case of a put, the lesser of (1) the amount of the current index level is below the exercise price, or (2) the vertical spread interval, multiplied by a multiplier of either $100 or $500.

Quarterly Index Expiration and QIX

The terms "Quarterly Index Expiration" and "QIX" mean an index option contract that expires on the last business day of a calendar quarter.

Quarterly Index Expiration, Capped-Style Option and Q-CAPS

The terms "Quarterly Index Expiration, Capped-Style Option" and "Q-CAPS" mean a capped-style index option contract that expires on the first business day of the month following the end of a calendar quarter.

Quarterly Options Series

The term "Quarterly Options Series" means, for the purposes of this Chapter 4, Section B, a series in an options class that is approved for listing and trading on the Exchange in which the series is opened for trading on any business day and that expires at the close of business on the last business day of a calendar quarter.

Short Term Option Series

The term "Short Term Option Series" means, for the purposes of this Chapter 4, Section B, a series in an index option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Friday that is a business day and that expires on the next Friday that is a business day. If a Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Friday.

Vertical Spread Interval

The term "vertical spread interval" means a value specified by the Exchange which, when added to the exercise price for call series or subtracted from the exercise price for put series defines the index level over which (for calls) or under which (for puts) the value of the contract will have its maximum value at expiration. For example, a packaged vertical call spread with an exercise price of 800 and a vertical spread interval of 20 will have an exercise settlement amount greater than $0 for overlying index levels above 800 and have a maximum value for index levels of 820 (800 plus 20) and above.

[Effective October 7, 2019 (SR-CBOE-2019-092); amended December 19, 2019 (SR-CBOE-2019-118)]

Rule 4.12. Dissemination of Information

(a) The Exchange shall disseminate or shall assure that the current index value is disseminated after the close of Regular Trading Hours and from time-to-time on days on which transactions in index options are made on the Exchange.

(b) The Exchange shall maintain, in files available to the public, information identifying the stocks whose prices are the basis for calculation of the index and the method used to determine the current index value.

(c) The reporting authorities designated by the Exchange in respect of each index underlying an index option contract traded on the Exchange are as follows:

Index	***Reporting Authority***
S&P 100	S&P Dow Jones Indices
S&P 500	S&P Dow Jones Indices
Russell 2000	Frank Russell Co.
Nasdaq 100	Nasdaq, Inc.
S&P SmallCap 600 Index	S&P Dow Jones Indices
Cboe S&P 500 AM/PM Basis	Cboe Global Indices, LLC
Dow Jones Industrial Average	S&P Dow Jones Indices
Russell 1000 Index	Frank Russell Co.
Cboe Volatility Index® (VIX®)	Cboe Global Indices, LLC
Cboe Russell 2000 Volatility Index SM ("RVX SM")	Cboe Global Indices, LLC
S&P 500 Dividend Index	S&P Dow Jones Indices
S&P 500 ESG Index (SPESG)	S&P Dow Jones Indices
Cboe Equity VIX on Apple	Cboe Global Indices, LLC
Cboe Equity VIX on Amazon	Cboe Global Indices, LLC
Cboe Equity VIX on Goldman Sachs	Cboe Global Indices, LLC
Cboe Equity VIX on Google	Cboe Global Indices, LLC
Cboe Equity VIX on IBM	Cboe Global Indices, LLC

Cboe Gold ETF Volatility Index	Cboe Global Indices, LLC
Cboe Crude Oil ETF Volatility Index	Cboe Global Indices, LLC
Cboe Emerging Markets ETF Volatility Index	Cboe Global Indices, LLC
Cboe China ETF Volatility Index	Cboe Global Indices, LLC
Cboe Brazil ETF Volatility Index	Cboe Global Indices, LLC
Cboe Gold Miners ETF Volatility Index	Cboe Global Indices, LLC
Cboe Energy Sector ETF Volatility Index	Cboe Global Indices, LLC
Cboe Silver ETF Volatility Index	Cboe Global Indices, LLC
Cboe Short-Term Volatility Index	Cboe Global Indices, LLC
MSCI EAFE Index (EAFE)	MSCI Inc.
MSCI Emerging Markets Index (EM)	MSCI Inc.
FTSE China 50 Index (1/100 th)	FTSE International Limited
FTSE Emerging Index	FTSE International Limited
FTSE Developed Europe Index	FTSE International Limited
FTSE 100 Index (1/10 th)	FTSE International Limited
S&P Financial Select Sector Index (IXM)	S&P Dow Jones Indices
S&P Energy Select Sector Index (IXE)	S&P Dow Jones Indices
S&P Technology Select Sector Index (IXT)	S&P Dow Jones Indices
S&P Health Care Select Sector Index (IXV)	S&P Dow Jones Indices
S&P Utilities Select Sector Index (IXU)	S&P Dow Jones Indices
S&P Consumer Staples Select Sector Index (IXR)	S&P Dow Jones Indices

S&P Industrials Select Sector Index (IXI)	S&P Dow Jones Indices
S&P Consumer Discretionary Select Sector Index (IXY)	S&P Dow Jones Indices
S&P Materials Select Sector Index (IXB)	S&P Dow Jones Indices
S&P Real Estate Select Sector Index (IXRE)	S&P Dow Jones Indices
S&P Communication Services Select Sector Index (IXC)	S&P Dow Jones Indices

[Effective October 7, 2019 (SR-CBOE-2019-092); amended September 21, 2020 (SR-CBOE-2020-080)]

Rule 4.13. Series of Index Options

(a) *General.*

(1) *Exercise Prices.* The Exchange shall determine fixed-point intervals of exercise prices for call and put options.

(2) *Expiration Months and Weeks.* Index option contracts may expire at three-month intervals, in consecutive months or in consecutive weeks (as specified by class below). The Exchange may:

- list up to six standard monthly expirations at any one time in a class, but will not list index options that expire more than 12 months out;

- list up to 12 standard monthly expirations at any one time for any class that the Exchange (as the Reporting Authority) uses to calculate a volatility index and for CBOE S&P 500 AM/PM Basis, EAFE, EM, FTSE Emerging, FTSE Developed, FTSE 100, China 50, S&P Select Sector Index (SIXM, SIXE, SIXT, SIXV, SIXU, SIXR, SIXI, SIXY, SIXB, and SIXRE, and SIXC); and S&P 500 ESG Index options;

- list up to 12 consecutive weekly expirations in VXST options; and

- list up to six weekly expirations and up to 12 standard (monthly) expirations in VIX options. The six weekly expirations shall be for the nearest weekly expirations from the actual listing date and weekly expirations may not expire in the same week in which standard (monthly) VIX options expire. Standard (monthly) expirations in VIX options are not counted as part of the maximum six weekly expirations permitted for VIX options.

(A) *Short Term Option Series Program.* Notwithstanding the preceding restriction, after an index option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day ("Short Term Option Opening Date") series of options on that class that expire at the close of business on each of the next five Fridays that are business days and are not Fridays in which monthly options series or Quarterly Options

Series expire ("Short Term Option Expiration Dates"). The Exchange may have no more than a total of five Short Term Option Expiration Dates for each series. If the Exchange is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if the Exchange is not open for business on the Friday of the following business week, the Short Term Option Expiration Date will be the first business day immediately prior to that Friday. Regarding Short Term Option Series:

(i) *Classes.* The Exchange may select up to fifty currently listed option classes on which Short Term Option Series may be opened on any Short Term Option Opening Date. In addition to the fifty-option class restriction, the Exchange also may list Short Term Option Series on any option classes that are selected by other securities exchanges that employ a similar program under their respective rules. For each index option class eligible for participation in the Short Term Option Series Program, the Exchange may open up to 30 Short Term Option Series on index options for each expiration date in that class. The Exchange may also open Short Term Option Series that are opened by other securities exchanges in option classes selected by such exchanges under their respective short term option rules.

(ii) *Expiration.* No Short Term Option Series on an index option class may expire in the same week during which any monthly option series on the same index class expire or, in the case of Quarterly Options Series or QIXs, on an expiration that coincides with an expiration of Quarterly Option Series or QIXs on the same index class.

(iii) *Initial Series.* The Exchange may open up to 20 initial series for each option class that participates in the Short Term Options Series Program. The strike price of each Short Term Option Series will be fixed at a price per share, with approximately the same number of strike prices being opened above and below the calculated value of the underlying index at about the time that the Short Term Option Series are initially opened for trading on the Exchange (e.g., if seven series are initially opened, there will be at least three strike prices above and three strike prices below the value of the underlying security or calculated index value). Any strike prices listed by the Exchange shall be within 30% above or below the current value of the underlying index.

(iv) *Additional Series.* The Exchange may open up to 10 additional series for each open class that participates in the Short Term Option Series Program when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the current value of the underlying index moves substantially from the exercise price or prices of the series already opened. Any additional strike prices listed by the

Exchange shall be within 30% above or below the current value of the underlying index. The Exchange may also open additional strike prices of Short Term Option Series that are more than 30% above or below the current value of the underlying index provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market-Makers trading for their own account shall not be considered when determining customer interest under this provision. In the event that the underlying index has moved such that there are no series that are at least 10% above or below the current value of the underlying index and all existing series have open interest, the Exchange may list additional series, in excess of the thirty series per class limit set forth in Rule 4.13(a)(2)(A)(i), that are between 10% and 30% above or below the value of the underlying index. The opening of the new Short Term Option Series shall not affect the series of options of the same class previously opened. Notwithstanding any other provisions in this Rule 4.13, Short Term Option Series may be added up to, and including on, the last trading day for that options series.

(v) *Strike Interval*. The interval between strike prices on Short Term Option Series may be: (a) $0.50 or greater where the strike price is less than $75, and $1 or greater where the strike price is between $75 and $150 for all index classes that participate in the Short Term Option Series Program; or (b) $0.50 for index classes that trade in one dollar increments in non-Short Term Options and that participate in the Short Term Option Series Program. A non-Short Term Option that is on an index class that has been selected to participate in the Short Term Option Series Program is referred to as a "Related non-Short Term Option."

(vi) *Delisting.* In the event that the underlying index has moved such that there are no series that are at least 10% above or below the current value of the underlying index, the Exchange will delist any series with no open interest in both the call and the put series having a: (a) strike higher than the highest price with open interest in the put and/or call series for a given expiration week; and (b) strike lower than the lowest strike price with open interest in the put and/or the call series for a given expiration week, so as to list series that are at least 10% but not more than 30% above or below the current value of the underlying index.

Related non-Short Term Option series shall be opened during the month prior to expiration in the same manner as permitted in Rule 4.13(a)(2)(A) and in the same strike price intervals that are permitted in this Rule 4.13(a)(2)(A)(v).

(B) *Quarterly Options Series Program.* Notwithstanding the preceding restriction, the Exchange may list and trade options series that expire at the close of business on the last business day of a calendar quarter ("Quarterly Options Series").

(i) *Classes.* The Exchange may list Quarterly Options Series for up to five currently listed options classes that are either index options or options on ETFs. In addition, the Exchange may also list Quarterly Options Series on any options classes that are selected by other securities exchanges that employ a similar program under their respective rules.

(ii) *Expiration.* The Exchange may list series that expire at the end of the next consecutive four calendar quarters, as well as the fourth quarter of the next calendar year. For example, if the Exchange is trading Quarterly Options Series in the month of May 2009, it may list series that expire at the end of the second, third, and fourth quarters of 2009, as well as the first and fourth quarters of 2010. Following the second quarter 2009 expiration, the Exchange could add series that expire at the end of the second quarter of 2010.

(iii) *Settlement.* Quarterly Options Series shall be P.M.-settled.

(iv) *Initial Series.* The strike price of each Quarterly Options Series will be fixed at a price per share, with at least two, but no more than five, strike prices above and at least two, but no more than five, strike prices below the value of the underlying index at about the time that a Quarterly Options Series is opened for trading on the Exchange. The Exchange shall list strike prices for Quarterly Options Series that are reasonably related to the current index value of the underlying index to which such series relates at about the time such series of options is first opened for trading on the Exchange. The term "reasonably related to the current index value of the underlying index" means that the exercise price is within 30% of the current index value.

(v) *Additional Series.* The Exchange may open for trading additional Quarterly Options Series of the same class when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the initial exercise price or prices. The Exchange may also open for trading additional Quarterly Options Series that are more than thirty percent (30%) of the current index value, provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate, or individual customers or their brokers. Market-Makers trading for their own account shall not be considered when determining customer interest under this provision.

The Exchange may open additional strike prices of a Quarterly Options Series that are above the value of the underlying index provided that the total number of strike prices above the value of the underlying index is no greater than five. The Exchange may open additional strike prices of a Quarterly Options Series that are below the value of the underlying index

provided that the total number of strike prices below the value of the underlying index is no greater than five. The opening of any new Quarterly Options Series shall not affect the series of options of the same class previously opened.

(vi) *Strike Interval.* The interval between strike prices on Quarterly Options Series shall be the same as the strike prices for series in that same index option class that expire in accordance with the normal monthly expiration cycle.

(3) *"European-Style Exercise."* The following European-style index options, some of which are A.M.-settled as provided in subparagraph (a)(4), are approved for trading on the Exchange:

S&P 500 Stock Index

Russell 2000 Index

S&P 100 Stock Index

Nasdaq 100

Mini-SPX Index

Cboe Equity VIX on Apple (VXAPL)

Cboe Equity VIX on Amazon (VXAZN)

Cboe Equity VIX on Goldman Sachs (VXGS)

Cboe Equity VIX on Google (VXGOG)

Cboe Gold ETF Volatility Index (GVZ)

Cboe Equity VIX on IBM (VXIBM)

Cboe Crude Oil ETF Volatility Index (OVX)

Cboe Emerging Markets ETF Volatility Index (VXEEM)

Cboe China ETF Volatility Index (VXFXI)

Cboe Brazil ETF Volatility Index (VXEWZ)

Cboe Gold Miners ETF Volatility Index (VXGDX)

Cboe Energy Sector ETF Volatility Index (VXXLE)

Cboe Silver ETF Volatility Index (VXSLV)

S&P SmallCap 600 Index

S&P 500 Dividend Index

Packaged Butterfly Spreads

Packaged Vertical Spreads

Dow Jones Industrial Average

Russell 1000 Index

Cboe Volatility Index® (VIX®)

Cboe S&P 500 AM/PM Basis (P.M.-settled)

Cboe Short-Term Volatility Index (VXST)

MSCI EAFE Index (P.M.-settled)

MSCI Emerging Markets Index (P.M.-settled)

FTSE 100 Index (1/10 th)

FTSE China 50 Index (1/100 th)

FTSE Emerging Index

FTSE Developed Europe Index

S&P Financial Select Sector Index (SIXM)

S&P Energy Select Sector Index (SIXE)

S&P Technology Select Sector Index (SIXT)

S&P Health Care Select Sector Index (SIXV)

S&P Utilities Select Sector Index (SIXU)

S&P Consumer Staples Select Sector Index (SIXR)

S&P Industrials Select Sector Index (SIXI)

S&P Consumer Discretionary Select Sector Index (SIXY)

S&P Materials Select Sector Index (SIXB)

S&P Real Estate Select Sector Index (SIXRE)

S&P Communication Services Select Sector Index (SIXC)

S&P 500 ESG Index Options (SPESG)

(4) *A.M.-Settled Index Options.* The last day of trading for non-Volatility A.M.-settled index options shall be the business day preceding the last day of trading in the underlying securities prior to expiration. The last day of trading for Volatility Index, Individual Stock or ETF Based Volatility Index options that measure a 30-day volatility period is governed by subparagraph (5) below and the last day of trading for VXST options is governed by

subparagraph (6) below. The current index value at the expiration of an A.M.-settled index option shall be determined, for all purposes under these Rules and the Rules of the Clearing Corporation, on the last day of trading in the underlying securities prior to expiration, by reference to the reported level of such index as derived from the opening prices (intra-day auction prices in the case of FTSE 100 options and closing prices in the case of China 50 options) of the underlying securities on such day, as determined by the market for such security selected by the Reporting Authority pursuant to Interpretation and Policy .09 to Rule 4.13, except that in the event that the primary market for an underlying security does not open for trading, halts trading prematurely, or otherwise experiences a disruption of normal trading on that day, or in the event that the primary market for an underlying security is open for trading on that day, but that particular security does not open for trading, halts trading prematurely, or otherwise experiences a disruption of normal trading on that day, the price of that security shall be determined, for the purposes of calculating the current index value at expiration, as set forth in Rule 5.20(e). The current index level at the expiration of an A.M.-settled S&P 500 Dividend Index option shall be a special quotation of the S&P 500 Dividend Index as determined by the Reporting Authority pursuant to Interpretation and Policy .09 to Rule 4.13, except that in the event that the Reporting Authority is unable to calculate a special quotation of the S&P 500 Dividend Index, the special quotation shall be determined, for the purposes of calculating the current index value at expiration, as set forth in Rule 5.20(e).

The following A.M.-settled index options are approved for trading on the Exchange:

S&P 500 Stock Index

Russell 2000 Index

Mini-SPX Index

Cboe Equity VIX on Apple (VXAPL)

Cboe Equity VIX on Amazon (VXAZN)

Cboe Equity VIX on Goldman Sachs (VXGS)

Cboe Equity VIX on Google (VXGOG)

Cboe Gold ETF Volatility Index (GVZ)

Cboe Equity VIX on IBM (VXIBM)

Cboe Emerging Markets ETF Volatility Index (VXEEM)

Cboe China ETF Volatility Index (VXFXI)

Cboe Brazil ETF Volatility Index (VXEWZ)

Cboe Gold Miners ETF Volatility Index (VXGDX)

Cboe Energy Sector ETF Volatility Index (VXXLE)

Cboe Silver ETF Volatility Index (VXSLV)

S&P SmallCap 600 Index

Dow Jones Industrial Average

Russell 1000 Index

Cboe Volatility Index® (VIX®)

Cboe Crude Oil ETF Volatility Index (OVX)

Cboe Short-Term Volatility Index (VXST)

FTSE 100 Index (1/10 th)

FTSE China 50 Index (1/100 th)

S&P Financial Select Sector Index (SIXM)

S&P Energy Select Sector Index (SIXE)

S&P Technology Select Sector Index (SIXT)

S&P Health Care Select Sector Index (SIXV)

S&P Utilities Select Sector Index (SIXU)

S&P Consumer Staples Select Sector Index (SIXR)

S&P Industrials Select Sector Index (SIXI)

S&P Consumer Discretionary Select Sector Index (SIXY)

S&P Materials Select Sector Index (SIXB)

S&P Real Estate Select Sector Index (SIXRE)

S&P Communication Services Select Sector Index (SIXC)

S&P 500 ESG Index Options (SPESG)

(5) *Method of Determining Day that Exercise Settlement Value will be Calculated, Special Opening Quotation and Expiration Date and Last Trading Day for Options on Volatility Indexes that Measure a 30-Day Volatility Period ("Volatility Index options").*

(A) *Method of Determining Day that Exercise Settlement Value will be Calculated.*

(i) *Volatility Index Options (Other than VIX Options, e.g., RVX, VXD, VXN, Individual Stock or ETF Based Volatility Index Options)*. The exercise settlement value of a standard (monthly) Volatility Index option for all purposes under these Rules and the Rules of the Clearing Corporation, shall be calculated on the Wednesday that is 30 days prior to the third Friday of the calendar month immediately following the month in which the standard

(monthly) Volatility Index option expires. If that Wednesday or the third Friday of the month subsequent to the expiration of the standard (monthly) Volatility Index option is an Exchange holiday, the exercise settlement value shall be calculated on the business day that is 30 days prior to the Exchange business day immediately preceding that Friday.

(ii) *Cboe Volatility Index ("VIX") Options.* The exercise settlement value of a VIX option for all purposes under these Rules and the Rules of the Clearing Corporation, shall be calculated on the specific date (usually a Wednesday) identified in the option symbol for the series. If that Wednesday or the Friday that is 30 days following that Wednesday is an Exchange holiday, the exercise settlement value shall be calculated on the business day immediately preceding that Wednesday.

(B) *Special Opening Quotation.* The exercise settlement value of a Volatility Index option for such purposes shall be calculated by the Exchange as a Special Opening Quotation (SOQ) of the applicable Volatility Index using the sequence of opening prices of the options that comprise the Volatility Index. The opening price for any series in which there is no trade shall be the average of that option's bid price and ask price (which ask price equals $0.05 if the series opens with unexecuted sell market orders) as determined at the opening of trading.

The "time to expiration" used to calculate the SOQ shall account for the actual number of days and minutes until expiration for the constituent option series. For example, if the Exchange announces that the opening of trading in the constituent option series is delayed, the amount of time until expiration for the constituent option series used to calculate the exercise settlement value would be reduced to reflect the actual opening time of the constituent option series. Another example would be when the Exchange is closed on a Wednesday due to an Exchange holiday, the amount of time until expiration used to calculate the exercise settlement value would be increased to reflect the extra calendar day between the day that the exercise settlement value is calculated and the day on which the constituent option series expire.

(C) *Expiration Date and Last Day of Trading.* The expiration date of a Volatility Index option shall be the same day that the exercise settlement value of the Volatility Index option is calculated. The last trading day for a Volatility Index option shall be the business day immediately preceding the expiration date of the Volatility Index option. When the last trading day is moved because of an Exchange holiday, the last trading day for an expiring option contract will be the day immediately preceding the last regularly scheduled trading day.

(6) *Method of Determining Day that Exercise Settlement Value will be Calculated, Special Opening Quotation and Expiration Date and Last Trading Day for Cboe Options Short-Term Volatility Index (VXST) Options.*

(i) *Method of Determining Day that Exercise Settlement Value will be Calculated.* The exercise settlement value of a VXST option for all purposes under these Rules and the Rules of the Clearing Corporation, shall be calculated on the specific date (usually a Wednesday) identified in the option symbol for the series. If that Wednesday or the Friday in the business week following that Wednesday (i.e., nine days away) is an Exchange holiday, the exercise settlement value would be calculated on the business day immediately preceding the Wednesday.

(ii) *Special Opening Quotation.* The exercise settlement value of a VXST option for all purposes under these Rules and the Rules of the Clearing Corporation shall be calculated by the Exchange as a Special Opening Quotation (SOQ) of VXST using the sequence of opening prices of the options that comprise the VXST index. The opening price for any series in which there is no trade shall be the average of that option's bid price and ask price as determined at the opening of trading.

The "time to expiration" used to calculate the SOQ shall account for the actual number of days and minutes until expiration for the constituent option series. For example, if the Exchange announces that the opening of trading in the constituent option series is delayed, the amount of time until expiration for the constituent option series used to calculate the exercise settlement value would be reduced to reflect the actual opening time of the constituent option series.

Another example would be when the Exchange is closed on a Wednesday due to an Exchange holiday, the amount of time until expiration used to calculate the exercise settlement value would be increased to reflect the extra calendar day between the day that the exercise settlement value is calculated and the day on which the constituent option series expire.

(iii) *Expiration Date and Last Day of Trading.* The expiration date of a VXST option shall be the same day that the exercise settlement value of the VXST option is calculated. The last trading day for a VXST option shall be the business day immediately preceding the expiration date of the VXST option. When the last trading day is moved because of an Exchange holiday, the last trading day for an expiring VXST option contract will be the day immediately preceding the last regularly scheduled trading day.

(b) *Long-Term Index Option Series ("LEAPS").*

(1) *General.* Notwithstanding the provisions of subaragraph (a)(2) above, the Exchange may list long-term index option series that expire from 12 to 180 months from the date of issuance.

(A) Index LEAPS may be based on either the full or reduced value of the underlying index.

(B) There may be up to 10 expiration months, none further out than one-hundred eighty (180) months.

(2) *Reduced-Value LEAPS.*

(A) Reduced-value LEAPS on the following stock indices are approved for trading on the Exchange:

S&P 100 Stock Index

S&P 500 Stock Index

Russell 2000 Index

Nasdaq 100

S&P SmallCap 600 Index

Russell 1000 Index

FTSE 100 Index

FTSE China 50 Index

(B) *Expiration Months.* Reduced-value LEAPS may expire at six-month intervals. When a new expiration month is listed, series may be near or bracketing the current index value. Additional series may be added when the value of the underlying index increases or decreases by 10 to 15%.

(c) *Quarterly Index Expirations or QIXs.* The Exchange may open for trading QIXs on the S&P 100, S&P 500, Mini-SPX Index, and Russell 2000 indices. QIXs shall be subject to the provisions of paragraph (a) of this Rule except that, notwithstanding the provisions of paragraph (a)(2) of this Rule, there may be up to eight near- term quarterly expirations open for trading and, notwithstanding the provisions of paragraph (a)(4) of this Rule, QIXs on the S&P 500, Mini-SPX Index, and Russell 2000 stock indices shall be P.M.-settled index options. The index multiplier for QIXs may be 100 or 500.

(d) *Delayed Start Option Series.*

(1) The Exchange may open for trading Delayed Start Option Series on any security index that is approved for options trading on the Exchange. The exercise price for a Delayed Start Option Series shall be fixed in accordance with subparagraph (d)(2). Until the strike setting date, a Delayed Start Option Series shall be traded with European-style exercise methodology. After the strike setting date, a Delayed Start Option Series shall have the same exercise methodology (i.e., American-style or European-style) as other options contracts in the same index class.

(2) A Delayed Start Option Series' exercise price will be determined in relation to the closing price of the underlying index on the date on which the exercise price is fixed ("strike setting date"). The strike setting date for a particular Delayed Start Option Series shall be fixed by the Exchange prior to opening the Delayed Start Option Series ("opening date") and shall not be sooner than one month nor later than twelve months after the

opening date. The expiration date shall also be fixed by the Exchange prior to the opening date and shall not exceed the period set forth in Rule 4.5(f)(1).

(A) On the strike setting date, each Delayed Start Option Series shall be assigned a strike price that either is at-the-money, in-the-money by a specified amount, or out-of-the-money by a specified amount. The terms of each Delayed Start Option Series, including: (i) the determination of whether a Delayed Start Option Series shall be assigned an at-the money, in-the-money, or out-of-the-money strike price; and (ii) the specified amount by which a strike price shall be established in or out-of-the-money (if applicable), shall be fixed by the Exchange on the opening date.

(B) The exercise price assigned to the Delayed Start Option Series will be rounded to the lesser of the nearest 1.00 (greater than or equal to 0.50 rounds up) or such smaller increment as may be fixed by the Exchange on the opening date, provided that such increment shall not be smaller than 0.01.

(3) Except as may otherwise be provided in this rule or as the context may otherwise require, Delayed Start Option Series shall be subject to all of the Rules in the same manner as standard cash-settled index option series based on the same underlying index.

(4) The Exchange's strike price interval rules shall not apply to Delayed Start Option Series.

(5) DSOs in an index option class will be treated the same as any other options on the same index for the purpose of determining customer margin under Rule 10.3, except that spread margin will not be permitted between DSO and non-DSO options for the time period between the initial listing of a DSO and its strike setting date.

(6) For the Delayed Start Option Series of a given index option class, the Exchange shall determine the appropriate market model, including the eligible categories of Market-Maker participants, allocation algorithms, and other trading parameters. The market model for the Delayed Start Option Series of a given index option class may differ from the market model for the non-Delayed Start Option Series of the same class and may differ for the periods before and after the strike setting date.

(e) *Nonstandard Expirations Pilot Program.*

(1) *Weekly Expirations.* The Exchange may open for trading Weekly Expirations on any broad-based index eligible for standard options trading to expire on any Monday, Wednesday, or Friday (other than the third Friday-of-the-month or days that coincide with an EOM expiration). Weekly Expirations shall be subject to all provisions of this Rule and treated the same as options on the same underlying index that expire on the third Friday of the expiration month; provided, however, that Weekly Expirations shall be P.M.-settled and new series in Weekly Expirations may be added up to and including on the expiration date for an expiring Weekly Expiration.

The maximum number of expirations that may be listed for each Weekly Expiration (i.e., a Monday expiration, Wednesday expiration, or Friday expiration, as applicable) in a given

class is the same as the maximum number of expirations permitted in Rule 4.13(a)(2) for standard options on the same broad-based index. Weekly Expirations need not be for consecutive Monday, Wednesday, or Friday expirations as applicable; however, the expiration date of a non-consecutive expiration may not be beyond what would be considered the last expiration date if the maximum number of expirations were listed consecutively. Weekly Expirations that are first listed in a given class may expire up to four weeks from the actual listing date. If the last trading day of a month is a Monday, Wednesday, or Friday and the Exchange lists EOMs and Weekly Expirations as applicable in a given class, the Exchange will list an EOM instead of a Weekly Expiration in the given class. Other expirations in the same class are not counted as part of the maximum number of Weekly Expirations for a broad-based index class. If the Exchange is not open for business on a respective Monday, the normally Monday expiring Weekly Expirations will expire on the following business day. If the Exchange is not open for business on a respective Wednesday or Friday, the normally Wednesday or Friday expiring Weekly Expirations will expire on the previous business day.

(2) *End of Month ("EOM") Expirations.* The Exchange may open for trading EOMs on any broad-based index eligible for standard options trading to expire on last trading day of the month. EOMs shall be subject to all provisions of this Rule and treated the same as options on the same underlying index that expire on the third Friday of the expiration month; provided, however, that EOMs shall be P.M.-settled and new series in EOMs may be added up to and including on the expiration date for an expiring EOM.

The maximum number of expirations that may be listed for EOMs in a given class is the same as the maximum number of expirations permitted in Rule 4.13(a)(2) for standard options on the same broad-based index. EOM expirations need not be for consecutive end of month expirations; however, the expiration date of a non-consecutive expiration may not be beyond what would be considered the last expiration date if the maximum number of expirations were listed consecutively. EOMs that are first listed in a given class may expire up to four weeks from the actual listing date. Other expirations in the same class are not counted as part of the maximum numbers of EOM expirations for a broad-based index class.

(3) *Duration of Nonstandard Expirations Pilot Program.* The Nonstandard Expirations Pilot Program shall be through May 3, 2021.

(4) *Weekly Expirations and EOM Trading Hours on the Last Trading Day.* On the last trading day, transactions in expiring Weekly Expirations and EOMs may be effected on the Exchange between the hours of 9:30 a.m. and 4:00 p.m.

(f) *Listing SPX and VIX on Group Basis.* The Exchange may determine to list SPX or VIX on a group basis.

Interpretations and Policies

.01 The procedures for adding and deleting strike prices for index options are provided in Rule 54.5 and Interpretations and Policies related thereto, as otherwise generally provided by Rule 4.13, and include the following:

(a) The interval between strike prices will be no less than $5.00; provided, that in the case of the following classes of index options, the interval between strike prices will be no less than $2.50:

Reduced-value LEAPs

Russell 2000 Index, if the strike price is less than $200.00

Reduced-value options on the S&P 500 Stock Index

S&P SmallCap 600 Index, if the strike price is less than $200.00

S&P 500 Dividend Index, if the strike price exceeds 200 scaled index points

Reduced-value Nasdaq 100 Index options

Russell 1000 Index, if the strike price is less than $200.00

Cboe Volatility Index® (VIX®)

European-Style Exercise S&P 100 Index Options (XEO) (1/5 th value), if the strike price is less than $200.00

Russell 2000 Index (1/10 th value), if the strike price is less than $200.00

Russell 2000 Index (1/5 th value), if the strike price is less than $200.00

Cboe Equity VIX on Apple (VXAPL)

Cboe Equity VIX on Amazon (VXAZN)

Cboe Equity VIX on Goldman Sachs (VXGS)

Cboe Equity VIX on Google (VXGOG)

Cboe Equity VIX on IBM (VXIBM)

Cboe Gold ETF Volatility Index (GVZ)

Cboe Crude Oil ETF Volatility Index (OVX)

Cboe Emerging Markets ETF Volatility Index (VXEEM)

Cboe China ETF Volatility Index (VXFXI)

Cboe Brazil ETF Volatility Index (VXEWZ)

Cboe Gold Miners ETF Volatility Index (VXGDX)

Cboe Energy Sector ETF Volatility Index (VXXLE)

MSCI EAFE Index, if the strike price is less than $200.00

MSCI Emerging Markets Index, if the strike price is less than $200.00

FTSE 100 Index (1/10 th), if the strike price is less than $200.00

FTSE China 50 Index (1/100 th), if the strike price is less than $200.00

FTSE Emerging Index, if the strike price is less than $200.00

FTSE Developed Europe Index, if the strike price is less than $200.00

(b) Notwithstanding the above paragraph, the interval between strike prices may be no less than $0.50 for options based on one-one hundredth of the value of the DJIA, including for series listed under either the Short Term Options Series Program in Rule 4.13(a)(2)(A) or the Nonstandard Expirations Pilot Program in Rule 4.13(e).

(c) New series of index option contracts may be added up to the fifth business day prior to expiration. Notwithstanding the preceding restriction, the Exchange may list new VIX and VXST option series up to and including on the last day of trading for an expiring VIX or VXST option contract.

(d) When new series of index options with a new expiration date are opened for trading, or when additional series of index options in an existing expiration date are opened for trading as the current value of the underlying index to which such series relate moves substantially from the exercise prices of series already opened, the exercise prices of such new or additional series shall be reasonably related to the current value of the underlying index at the time such series are first opened for trading. In the case of all classes of index options, the term "reasonably related to the current value of the underlying index" shall have the meaning set forth in Interpretation and Policy .04 under Rule 4.13.

(e) The interval between strike prices for Cboe S&P 500 AM/PM Basis options will be $1 or greater where the strike price is $200 or less and $5 or greater where the strike price is greater than $200.

(f) Notwithstanding paragraph (a), the interval between strike prices of series of S&P 500 Dividend Index options will be 1 point ($1.00) or greater if the strike price is equal to or less than 200 scaled index points, subject to following conditions:

(1) *Initial Series.* The Exchange will list in-, at- and out-of-the-money strike prices, and may open for trading up to five series above and five series below the calculated forward value of the S&P 500 Dividend Index.

(2) *Additional Series.* In response to customer demand or as the calculated forward value of the S&P 500 Dividend Index moves from the initial exercise prices of option and LEAPs series that have been opened for trading, the Exchange may open for trading up to an additional twenty series.

(3) The Exchange may not open for trading series with 1 point ($1.00) intervals within $0.50 of an existing 2.5 point ($2.50) strike price with the same expiration month.

(4) The Exchange shall not list LEAPS on S&P 500 Dividend Index options at intervals less than $1.

(g) The interval between strike prices for Cboe Options Short-Term Volatility Index (VXST) options will be $0.50 or greater where the strike price is less than $75, $1 or greater where the strike price is $200 or less and $5 or greater where the strike price is more than $200.

(h) In addition to the strike price intervals permitted under Interpretation and Policy .01(a) to Rule 4.13, the Exchange may also list series at $1 strike price intervals for Mini-Nasdaq-100 Index ("MNX" or "Mini-NDX") options, subject to following conditions:

(1) *Initial Series.* The Exchange may list series at $1 strike price intervals for Mini-NDX options, and will list at least two $1 strike prices above and two $1 strike prices below the current value of the MNX at about the time a series is opened for trading on the Exchange. The Exchange shall list $1 strike prices for Mini-NDX options that are within 5 points from the closing value of the MNX on the preceding day.

(2) *Additional Series.* Additional series of the same class of Mini-NDX options may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the underlying MNX moves substantially from the initial exercise price or prices. To the extent that any additional $1 strike prices are listed by the Exchange, such additional $1 strike prices shall be within 30% above or below the closing value of the MNX. The Exchange may also open additional $1 strike prices that are more than 30% above or below the current MNX value provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market-Makers trading for their own account shall not be considered when determining customer interest under this provision. In addition to the initial listed series, the Exchange may list up to 60 additional series at $1 strike price intervals per expiration month for each series in Mini- NDX options.

(3) The Exchange shall not list LEAPS on Mini-NDX options at intervals less than $2.50. The Exchange may not list strike prices with $1 intervals within $0.50 of an existing $2.50 strike price in the same series.

(4)

(A) Delisting Policy. With respect to Mini-NDX options added pursuant to the above paragraphs, the Exchange will, on a monthly basis, review series that are outside a range of five strikes above and five strikes below the current value of the MNX, and delist series with no open interest in both the put and the call series having a:

(i) strike higher than the highest strike price with open interest in the put and/or call series for a given expiration month; and

(ii) strike lower than the lowest strike price with open interest in the put and/or call series for a given expiration month.

(B) Notwithstanding the above referenced delisting policy, customer requests to add strikes and/or maintain strikes in Mini-NDX option series eligible for delisting shall be granted.

(C) In connection with the above referenced delisting policy, if the Exchange identifies series for delisting, the Exchange shall notify other options exchanges with similar delisting policies regarding eligible series for delisting, and shall work with such other exchanges to develop a uniform list of series to be delisted, so as to ensure uniform series delisting of multiply listed Mini-NDX options.

(i) Notwithstanding Interpretation and Policy .01(a) to Rule 4.13, the interval between strike prices of series of Mini-Russell 2000 Index ("RMN" or "Mini-RUT") options will be $1 or greater, subject to following conditions:

(1) *Initial Series.* The Exchange may list series at $1 or greater strike price intervals for Mini- RUT options, if the strike price is less than $200, and will list at least two strike prices above and two strike prices below the current value of the RMN at about the time a series is opened for trading on the Exchange. The Exchange shall list strike prices for Mini-RUT options that are within 5 points from the closing value of the RMN on the preceding day.

(2) *Additional Series.* Additional series of the same class of Mini-RUT options may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the underlying RMN moves substantially from the initial exercise price or prices. To the extent that any additional strike prices are listed by the Exchange, such additional strike prices shall be within 30% above or below the closing value of the RMN. The Exchange may also open additional strike prices that are more than 30% above or below the current RMN value provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market-Makers trading for their own account shall not be considered when determining customer interest under this provision. In addition to the initial listed series, the Exchange may list up to 60 additional series per expiration month for each series in Mini-RUT options. In all cases, however, $1 strike prices intervals may be listed on Mini-RUT options only where the strike price is less than $200.

(3) The Exchange shall not list LEAPS on Mini-RUT options at intervals less than $2.50.

(4)

(A) *Delisting Policy.* With respect to Mini-RUT options added pursuant to the above paragraphs, the Exchange will, on a monthly basis, review series that are outside a range of five strikes above and five strikes below the current value of the RMN, and delist series with no open interest in both the put and the call series having a:

(i) strike higher than the highest strike price with open interest in the put and/or call series for a given expiration month; and

(ii) strike lower than the lowest strike price with open interest in the put and/or call series for a given expiration month.

(B) Notwithstanding the above referenced delisting policy, customer requests to add strikes and/or maintain strikes in Mini-RUT option series eligible for delisting shall be granted.

(C) In connection with the above referenced delisting policy, if the Exchange identifies series for delisting, the Exchange shall notify other options exchanges with similar delisting policies regarding eligible series for delisting, and shall work with such other exchanges to develop a uniform list of series to be delisted, so as to ensure uniform series delisting of multiply listed Mini-RUT options.

(j)

(1) Notwithstanding paragraph (a), the interval between strike prices for Volatility Index options (as defined in Rule 4.13(a)(5)) will be $1 or greater where the strike price is $200 or less and $5 or greater where the strike price is greater than $200. The Exchange shall not list LEAPS on Volatility Index options at strike price intervals less than $1.

(2) Notwithstanding paragraphs (a) and (j)(1), the interval between strike prices for Cboe Volatility Index (VIX) options will be $0.50 or greater where the strike price is less than $75, $1 or greater where the strike price is $200 or less and $5 or greater where the strike price is more than $200.

(k) Notwithstanding any other provision regarding strike prices in this rule, Related non-Short Term Option series shall be opened during the week prior to the week that such Related non- Short Term Option series expire in the same manner as permitted in Rule 4.13(a)(2)(A) and in the same strike price intervals that are permitted in Rule 4.13(a)(2)(A)(v).

.02 The reported level of the underlying index that is calculated by the Reporting Authority on the last day of trading in the underlying securities prior to expiration for purposes of determining the current index value at the expiration of an A.M.-settled index option may differ from the level of the index that is separately calculated and reported by the reporting authority and which reflects trading activity subsequent to the opening of trading in any of the underlying securities.

.03 For capped-style index options, including index Q-CAPS, the procedures for adding exercise prices and expiration months shall be as follows:

(a) Unless modified by the Exchange, the cap interval shall be:

(1) $30.00 for CAPS on the S&P 100 Stock Index ("S&P 100") and the S&P 500 Stock Index ("S&P 500");

(2) $20.00 for CAPS on the Russell 2000 Index; and

(3) $30.00 for Q-CAPS on the S&P 100 and the S&P 500.

(b) Initially, one at-the-money call and put will be listed with an expiration of up to four months into the future for S&P 100 CAPS, up to one year in the future for the S&P 500 and Russell 2000 CAPS, and up to eight consecutive quarters in the future for S&P 100 and S&P 500 Q- CAPS. Additional at-the-money series may be listed every two months with expirations up to four months in the future for S&P 100 CAPS, up to one year in the future for S&P 500 and Russell 2000 CAPS, and every three months with expirations of up to eight consecutive quarters in the future for S&P 100 and S&P 500 Q-CAPS.

(c) Series may be added to expiration months with three or more months remaining to their expiration, if there has been a 20-point or more move in the index value for S&P 100 or S&P 500, or a 10-point or more move in the index value for the Russell 2000 Index.

.04 Notwithstanding the provisions of Interpretation .01, the Exchange may open for trading additional series of the same class of index options as the current index value of the underlying index moves substantially from the exercise price of those index options that already have been opened for trading on the Exchange. The exercise price of each series of index options opened for trading on the Exchange shall be reasonably related to the current index value of the underlying index to which such series relates at or about the time such series of options is first opened for trading on the Exchange. The term "reasonably related to the current index value of the underlying index" means that the exercise price is within 30% of the current index value. The Exchange may also open for trading additional series of index options that are more than 30% away from the current index value, provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate, or individual customers or their brokers. Market-makers trading for their own account shall not be considered when determining customer interest under this provision.

.05 The Rules of the Clearing Corporation specify that, unless the Rules of the Exchange provide otherwise, the current index value used to settle the exercise of an index option contract shall be the closing index for the day on which the index option contract is exercised in accordance with the Rules of the Clearing Corporation or, if such day is not a business day, for the most recent business day.

.06 The current index value of reduced-value options on the S&P 500 Stock Index ("Mini-SPX options") shall be one-tenth ($1/10^{th}$) the value of the underlying index reported by the Reporting Authority.

.07 Packaged Vertical Spreads will be listed with vertical spread intervals ranging from 10 to 50 points.

.08 For Packaged Butterfly Spreads, the procedures for adding strike prices shall be as follows:

(a) Initially, the Exchange expects to list an at-the-money strike and other strikes above and below the at-the-money at strikes reasonable related to the current index value;

(b) New series may be added to accommodate moves in the index;

(c) The Exchange will have the authority to determine which series will be listed.

.09 With respect to any securities index on which options are traded on the Exchange, the source of the prices of component securities used to calculate the current index level at expiration is determined by the Reporting Authority for that index.

.10 Notwithstanding Interpretations and Policies .01(a), .01(d) and .04 to Rule 4.13, the exercise prices for new and additional series of Mini-SPX options shall be listed subject to the following:

(a) If the current value of the Mini-SPX is less than or equal to 20, the Exchange shall not list series with an exercise price of more than 100% above or below the current value of the Mini-SPX;

(b) If the current value of the Mini-SPX is greater than 20, the Exchange shall not list series with an exercise price of more than 50% above or below the current value of the Mini-SPX; and

(c) The lowest strike price interval that may be listed for standard Mini-SPX options is $1, including for LEAPS, and the lowest strike price interval that may be listed for series of Mini-SPX listed under either the Short Term Option Series Program in Rule 4.13(a)(2)(A) or the Nonstandard Expirations Pilot Program in Rule 4.13(e) is $0.50.

.11 $0.50 and $1 Strike Price Intervals for Index Options Used to Calculate Volatility Indexes. Notwithstanding Interpretation and Policy .01(a) to Rule 4.13, the Exchange may open for trading series at $0.50 or greater strike price intervals where the strike price is less than $75 and $1.00 or greater strike price intervals where the strike price is between $75 and $150 for index options that are used to calculate a volatility index.

.12 Notwithstanding the requirements set forth in this Rule 4.13 and the Interpretations and Policies thereunder, the Exchange may list additional expiration months on options classes opened for trading on the Exchange if such expiration months are opened for trading on at least one other registered national securities exchange.

.13 In addition to A.M.-settled S&P 500 Stock Index options approved for trading on the Exchange pursuant to Rule 4.13, the Exchange may also list options on the S&P 500 Index whose exercise settlement value is derived from closing prices on the last trading day prior to expiration (P.M.-settled third Friday-of-the-month SPX options series). The Exchange may also list options on the Mini-SPX Index ("XSP") whose exercise settlement value is derived from closing prices on the last trading day prior to expiration ("P.M.-settled"). P.M.-settled third Friday-of-the-month SPX options series and P.M.-settled XSP options will be listed for trading for a pilot period ending May 3, 2021.

[Effective October 7, 2019 (SR-CBOE-2019-092); amended October 31, 2019 (SR-CBOE-2019-104); amended November 1, 2019 (SR-CBOE-2019-107); amended December 19, 2019 (SR-CBOE-2019-118); amended March 12, 2020 (SR-CBOE-2020-013); amended April 13, 2020 (SR-CBOE-2020-035); amended April 13, 2020 (SR-CBOE-2020-036); amended September 21, 2020 (SR-CBOE-2020-080); amended October 13, 2020 (SR-CBOE-2020-100); amended October 13, 2020 (SR-CBOE-2020-101)]

Rule 4.14. Debit Put Spread Cash Account Transactions

Debit put spread positions in European-style, broad-based index options traded on the Exchange (hereinafter "debit put spreads") may be maintained in a cash account as defined by Federal Reserve Board Regulation T Section 220.8 by a public customer, provided that the following procedures and criteria are met:

(a) The customer has received Exchange approval to maintain debit put spreads in a cash account carried by a TPH organization. A customer so approved is hereinafter referred to as a "spread exemption customer."

(b) The spread exemption customer has provided all information required on Exchange-approved forms and has kept such information current.

(c) The customer holds a net long position in each of the stocks of a portfolio which has been previously established or in securities readily convertible, and additionally in the case of convertible bonds economically convertible, into common stocks which would comprise a portfolio. The debit put spread position must be carried in an account with a member of a self- regulatory organization participating in the Intermarket Surveillance Group.

(d) The stock portfolio or its equivalent is composed of net long positions in common stocks in at least four industry groups and contains at least twenty stocks, none of which accounts for more than fifteen percent of the value of the portfolio (hereinafter "qualified portfolio"). To remain qualified, a portfolio must at all times meet these standards notwithstanding trading activity in the stocks.

(e) The exemption applies to European-style broad-based index options dealt in on the Exchange to the extent the underlying value of such option position does not exceed the unhedged value of the qualified portfolio. The unhedged value would be determined as follows:

> (1) the values of the net long or short positions of all qualifying products in the portfolio are totaled;
>
> (2) for positions in excess of the standard limit, the underlying market value (A) of any economically equivalent opposite side of the market calls and puts in broad-based index options, and (B) of any opposite side of the market positions in stock index futures, options on stock index futures, and any economically equivalent opposite side of the market positions, assuming no other hedges for these contracts exist, is subtracted from the qualified portfolio; and
>
> (3) the market value of the resulting unhedged portfolio is equated to the appropriate number of exempt contracts as follows—the unhedged qualified portfolio is divided by the correspondent closing index value and the quotient is then divided by the index multiplier or 100.

(f) A debit put spread in Exchange traded broad-based index options with European-style exercises is defined as a long put position coupled with a short put position overlying the same broad-based index and having an equivalent underlying aggregate index value, where the short put(s) expires with the long put(s), and the strike price of the long put(s) exceeds the strike price of the short put(s). A debit

put spread will be permitted in the cash account as long as it is continuously associated with a qualified portfolio of securities with a current market value at least equal to the underlying aggregate index value of the long side of the debit put spread.

(g) The qualified portfolio must be maintained with either a TPH organization, another broker- dealer, a bank, or securities depository.

(h) The spread exemption customer shall agree promptly to provide the Exchange any information requested concerning the dollar value and composition of the customer's stock portfolio, and the current debit put spread positions.

(i) The spread exemption customer shall agree to and any TPH organization carrying an account for the customer shall:

(1) comply with all Exchange rules and regulations;

(2) liquidate any debit put spreads prior to or contemporaneously with a decrease in the market value of the qualified portfolio, which debit put spreads would thereby be rendered excessive; and

(3) promptly notify the Exchange of any change in the qualified portfolio or the debit put spread position which causes the debit put spreads maintained in the cash account to be rendered excessive.

(j) If any TPH organization carrying a cash account for a spread exemption customer with a debit put spread position dealt in on the Exchange has a reason to believe that as a result of an opening options transaction the customer would violate this spread exemption, and such opening transaction occurs, then the TPH organization has violated this Rule.

(k) Violation of any of these provisions, absent reasonable justification or excuse, shall result in withdrawal of the spread exemption and may form the basis for subsequent denial of an application for a spread exemption hereunder.

[Effective October 7, 2019 (SR-CBOE-2019-092)]

Rule 4.15. Range Options

(a) *General.* This Rule 4.15 applies only to Range Options. All Rules apply to the trading of Range Options, except as otherwise provided or the context otherwise requires.

(b) *Definitions.*

Contract Multiplier

The term "Contract Multiplier" as used in reference to Range Options means the multiple applied to the exercise value to arrive at the exercise settlement amount per contract. The Contract Multiplier is established on a class-by-class basis and shall be at least one and is expressed in a dollar amount.

Exercise Price

The term "Exercise Price" (i.e., strike price) as used in reference to a Range Option means the range of index values (i.e., Range Length) at which the option will be exercised at expiration. The exercise price for Range Options will be used to determine the degree that the option is in-the-money if the settlement value of the underlying index falls within either the High Range or Low Range of the Range Length. If the settlement value of the underlying index falls within the Middle Range, the option will be exercised at the Maximum Exercise Value.

Exercise Settlement Amount

The term "Exercise Settlement Amount" as used in reference to a Range Option means the amount of cash that a holder will receive and a writer will be obligated to pay upon exercise of the contract. The Exercise Settlement Amount is equal to the exercise value (i.e., Low Range Exercise Value or High Range Exercise Value or Maximum Range Exercise Value) times the contract multiplier.

High Range and High Range Exercise Value

The term "High Range" means a segment of values along the Range Length (as determined by the Range Interval) that immediately succeeds the Middle Range. For a Range Option, if the settlement value of the underlying index at expiration falls within the High Range, the option will have a linear payout structure that decreases as the index value increases within the High Range. The "High Range Exercise Value" is an amount that varies and begins at a capped amount immediately succeeding the end of the Middle Range (i.e., Maximum Range Exercise Value) and decreases along the length of the High Range and ends at 0.

Low Range and Low Range Exercise Value

The term "Low Range" means a segment of values along the Range Length (as determined by the Range Interval) that immediately precedes the Middle Range. For a Range Option, if the settlement value of the underlying index at expiration falls within the Low Range, the option will have a linear payout structure that increases as the index value increases within the Low Range. The "Low Range Exercise Value" is an amount that varies and begins at 0 and increases along the length of the Low Range and ends at a capped amount immediately preceding the start of the Middle Range (i.e., Maximum Range Exercise Value).

Middle Range and Maximum Range Exercise Value

The term "Middle Range" means a segment of values along the Range Length that lies between the Low Range and the High Range and its length is equal to the Range Length minus twice the Range Interval. For a Range Option, if the settlement value of the underlying index at expiration falls within the Middle Range, the "Maximum Range Exercise Value" will be a fixed amount that does not vary based on where in the Middle Range the settlement value of the underlying index falls and represents the maximum payout amount for Range Options. The Exchange sets the Maximum Range Exercise Value at listing.

Range Interval

The term "Range Interval" means an interval amount that determines the range size of both the Low Range and the High Range. The minimum Range Interval amount is 5 index points. The Exchange sets the Range Interval at listing.

Range Length

The term "Range Length" means the entire length of the range of values of the underlying index for which the option pays a positive amount if the Settlement Value of the underlying index falls within the specific Range Length at expiration. The Exchange sets the Range Length at listing.

Range Option

The term "Range Option" means a European-style, cash-settled option contract that pays an exercise settlement amount if the settlement value of the underlying index at expiration falls within the specified Range Length.

Settlement Value

The term "Settlement Value" means the underlying index value at expiration of the Range Option.

(c) *Designation of Range Option Contracts.*

(1) The Exchange may from time to time, approve for listing and trading on the Exchange Range Option contracts that overlie any index that is eligible for options trading on the Exchange. Range Options are a separate class from other options overlying the same index.

(2) The Exchange may add new series of Range Options of the same class (i.e., overlying the same index) as provided for by the rules governing options on the same underlying index. Additional series of Range Options may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market or to meet customer demand. The opening of a new series of Range Options on the Exchange will not affect any other series of options of the same class previously opened.

(d) *Maintenance Listing Standards.* The maintenance listing standards with respect to options on indexes set forth in Rule 4.10 and the Interpretations and Policies thereunder shall be applicable to Range Options on indexes.

(e) *Determination of the Settlement Value of the Underlying Index*. Range Options that are "in-the-money," or "out-of-the-money" are a function of whether the settlement value of the underlying index at expiration falls within or outside of the Range Length.

[Effective October 7, 2019 (SR-CBOE-2019-092)]

Rule 4.16. Binary Options

(a) *General.* This Rule 4.16 applies only to Binary Options. All Rules apply to the trading of Binary Options, except as otherwise provided or the context otherwise requires.

(b) *Definitions.*

Binary Option

The term "binary option" means a European-style option contract having an exercise settlement amount that is established at the creation of the option. Binary options are paid out if settlement value of the underlying broad-based index equals, exceeds or is less than the exercise price, depending on the type of option (i.e., call or put).

Call Binary Option

The term "call binary option" means an option contract which returns an exercise settlement amount if the settlement value of the underlying broad-based index is at or above the exercise price at expiration (i.e., in- or at-the-money).

Contract Multiplier

The term "contract multiplier" as used in reference to a binary option means the multiple applied to the exercise settlement value to arrive at the total exercise settlement amount per contract. The contract multiplier is established on a class-by-class basis and shall be at least one.

Exercise Price

The term "exercise price" as used in reference to a binary option means the value to which the settlement value of the underlying broad-based index is compared to determine whether the holder of a binary option is entitled to have the option be paid out.

Exercise Settlement Amount

The term "exercise settlement amount" as used in reference to a binary option means the amount of cash that a holder will receive upon exercise of the contract. The exercise settlement amount is a set amount equal to the exercise settlement value multiplied by the contract multiplier. The exercise settlement value will be an amount determined by the Exchange on a class-by-class basis and shall be equal to $10 or $1,000 or a value between those values, unless otherwise adjusted per Rule 4.6.

Put Binary Option

The term "put binary option" means an option contract which returns an exercise settlement amount if the settlement value of the underlying broad-based index is below the exercise price at expiration (i.e., in-the-money).

Settlement Value

The term "settlement value" is the value of the underlying broad-based index that is used to determine whether a binary option is in, at or out of the money. For binary options on a broad-based index on which traditional options on the same broad-based index are A.M.-settled, the "settlement value" is the reported opening level of such index as derived from the prices of the underlying securities on such day and as reported by the Reporting Authority for the index. For binary options on a broad-based index on which traditional options on the same broad-based index are P.M.-settled, the "settlement value" is the reported closing level of such index as derived from

the prices of the underlying securities on such day and as reported by the Reporting Authority for the index.

(c) *Designation of Binary Option Contracts.*

(1) The Exchange may from time to time approve for listing and trading on the Exchange binary option contracts on a broad-based index which has been selected in accordance with Rule 4.10 and the Interpretations and Policies thereunder. Binary options are a separate class from other options overlying the same broad-based index.

(2) Only binary option contracts approved by the Exchange and currently open for trading on the Exchange may be purchased or sold on the Exchange. Binary options dealt in on the Exchange are designated as to expiration date, exercise price, exercise settlement amount, contract multiplier and underlying broad-based index. Binary options on broad-based indexes for which traditional options on the same broad-based index are A.M.-settled will be A.M.-settled, and binary options on broad-based indexes for which traditional options on the same broad-based index are P.M.-settled (i.e., S&P 100 Index ("OEX")) will be P.M.-settled.

(3) After a particular binary option class has been approved for listing and trading on the Exchange, the Exchange from time to time may open for trading series of options on that class. Binary option series may be designated to expire from one day up to 36 months from the time that they are listed.

(4) The Exchange may add new series of options of the same class as provided for in Rule 4.13 and the Interpretations and Policies thereunder. Additional series of the same binary option class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market or to meet customer demand. The opening of a new series of binary options on the Exchange will not affect any other series of options of the same class previously opened.

(d) *Maintenance Listing Standards.* The maintenance listing standards with respect to options on broad-based indexes set forth in Rule 4.10 and the Interpretations and Policies thereunder shall be applicable to binary options on broad-based indexes.

(e) *Determination of Settlement Value.* Binary options that are "at-the-money," "in-the-money," or "out-of-the-money" are a function of the settlement value of the underlying broad-based index in relation to the type of binary option (i.e., put or call) and the exercise price.

(f) *Adjustment.* Binary option contracts are subject to adjustment only in accordance with and to the extent specified in the By-Laws and Rules of the Clearing Corporation. When any such adjustment has been determined, announcement thereof shall be made by the Exchange and shall become effective as of the time specified in such announcement.

(g) *FLEX Trading*. Binary options on indexes that are eligible for options trading on the Exchange shall be eligible for trading as Flexible Exchange Options as provided for in Chapter 4, Section C, even if the Exchange does not list and trade Non-FLEX binary options or Non-FLEX traditional

options on such indexes. For purposes of Rule 4.21, the applicable exercise settlement value shall be designated by the parties to the contract, the parties may not designate an exercise style other than European-style, and the term "index multiplier" shall refer to the contract multiplier. Rule 8.35 shall not apply to binary options and the position limit methodology set forth in Rule 8.36 shall apply.

[Effective October 7, 2019 (SR-CBOE-2019-092); amended December 19, 2019 (SR-CBOE-2019-118)]

Rule 4.17. End-of-Day Indicative Values

Following the close of trading of Regular Trading Hours on any trading day, the Exchange may determine, on a class-by-class basis, to make publicly available two-sided indicative values for each series in such classes in the interests of fair and orderly markets. The Exchange will derive indicative values using an algorithm based on quotations and orders displayed in series in such classes prior to the close of trading or, in the absence of sufficient quote and order data in a series, using generally accepted volatility and options pricing models as determined by the Exchange.

[Effective October 7, 2019 (SR-CBOE-2019-046)]

SECTION C. FLEX OPTIONS

Rule 4.20. FLEX Option Classes

The Exchange may authorize for trading a FLEX Option class on any equity security or index if it may authorize for trading a non-FLEX Option class on that equity security or index pursuant to Rules 4.3 and 4.10, respectively, even if the Exchange does not list that non-FLEX Option class for trading.

[Effective October 7, 2019 (SR-CBOE-2019-084)]

Rule 4.21. Series of FLEX Options

(a) *Permissible Series.* The Exchange may approve a FLEX Option series for trading in any FLEX Option class it may authorize for trading pursuant to Rule 4.20. FLEX Option series are not pre-established. A FLEX Option series is eligible for trading on the Exchange upon submission to the System of a FLEX Order for that series pursuant to Rules 5.72 through 5.74, subject to the following:

> (1) The Exchange only permits trading in a put or call FLEX Option series that does not have the same exercise style, same expiration date, and same exercise price as a non-FLEX Option series on the same underlying security or index that is already available for trading. This includes permitting trading in a FLEX Option series before a series with identical terms is listed for trading as a non-FLEX Option series. If the Exchange lists for trading a non-FLEX Option series with identical terms as a FLEX Option series, the FLEX Option series will become fungible with the non-FLEX Option series pursuant to Rule 4.22. The System does not accept a FLEX Order for a put or call FLEX Option series if a non-FLEX Option series on the same underlying security or index with the same expiration date, exercise price, and exercise style is already listed for trading.

(2) A FLEX Order for a FLEX Option series may submitted on any trading day prior to the expiration date.

(3) The Exchange may halt trading in a FLEX Option class pursuant to Rule 5.20, and always halts trading in a FLEX Option class when trading in a non-FLEX Option class with the same underlying equity security or index is halted on the Exchange. The System does not accept a FLEX Order for a FLEX Option series while trading in a FLEX Option class is halted.

(b) *Terms.* When submitting a FLEX Order for a FLEX Option series to the System, the submitting FLEX Trader must include one of each of the following terms in the FLEX Order (all other terms of a FLEX Option series are the same as those that apply to non-FLEX Options), which terms constitute the FLEX Option series:

(1) underlying equity security or index, as applicable (the index multiplier for FLEX Index Options is 100);

(2) type of option (i.e., put or call), except an Asian-settled or Cliquet-settled FLEX Option series may only be a call;

(3) exercise style, which may be American-style or European-style, except an Asian-settled or Cliquet-settled FLEX Option series may only be European-style;

(4) expiration date, which may be any business day (specified to the day, month, and year) no more than 15 years from the date on which a FLEX Trader submits a FLEX Order to the System, except an Asian-settled or Cliquet-settled FLEX Option series, which must have an expiration date that is a business day but may only expire 350 to 371 days (which is approximately 50 to 53 calendar weeks) from the date on which a FLEX Trader submits a FLEX Order to the System;

(5) settlement type:

(A) *FLEX Equity Options*.

(i) FLEX Equity Options are settled with physical delivery of the underlying security.

(ii) FLEX Equity Options are subject to the exercise by exception provisions of OCC Rule 805.

(B) *FLEX Index Options*. FLEX Index Options are settled in U.S. dollars, and may be:

(i) a.m.-settled (with exercise settlement value determined by reference to the reported level of the index derived from the reported opening prices of the component securities);

(ii) p.m.-settled (with exercise settlement value determined by reference to the reported level of the index derived from the reported closing prices of the

component securities), except for a FLEX Index Option that expires on any business day that falls on or within two business days of a third Friday-of-the-month expiration day for a non-FLEX Option (other than a QIX option) may only be a.m.-settled; however, for a pilot period ending the earlier of May 3, 2021 or the date on which the pilot program is approved on a permanent basis, a FLEX Index Option with an expiration date on the third-Friday of the month may be p.m.-settled;

(iii) for a FLEX Index Option on a broad-based index, Asian-settled, which has an exercise settlement value that is based on an arithmetic average of the specified closing prices of an underlying broad-based index taken on 12 predetermined monthly observation dates (including on the expiration date), which dates the FLEX Trader specifies. If a monthly observation date falls on a non-business day, the monthly observation occurs on the immediately preceding business day; or

(iv) for a FLEX Index Option on a broad-based index, Cliquet-settled, which has an exercise settlement value equal to the greater of $0 or the sum of capped monthly returns (*i.e.*, percent changes in the closing value of the underlying broad-based index from one month to the next month) applied over 12 predetermined monthly observation dates (including on the expiration date), which dates and monthly cap value (which must be in an increment no less than $0.05 and be no less than $0.05 and no greater than $25.95) the FLEX Trader specifies. If a monthly observation date falls on a non-business day, the monthly observation occurs on the immediately preceding business day; and

(6) exercise price (which the System rounds to the nearest minimum increment as set forth in Rule 5.4), which may be:

(A) for a FLEX Equity Option or FLEX Index Option that is not Cliquet-settled, (i) a fixed price expressed in terms of dollars and decimals or a specific index value, as applicable, or (ii) a percentage of the closing value of the underlying equity security or index, as applicable, on the trade date; or

(B) for a FLEX Index Option that is Cliquet-settled, the capped monthly return as set forth in subparagraph (5)(B)(iv) (which must be expressed in dollars and cents).

[Effective October 7, 2019 (SR-CBOE-2019-084); amended November 4, 2019 (SR-CBOE-2019-108); amended April 16, 2020 (SR-CBOE-2020-039); amended October 16, 2020 (SR-CBOE-2020-103)]

Rule 4.22. FLEX Fungibility

(a) If the Exchange lists for trading a non-FLEX Option series with identical terms as a FLEX Option series:

(1) all existing open positions established under the FLEX trading procedures are fully fungible with transactions in the identical non-FLEX Option series; and

(2) any further trading in the series would be as non-FLEX Options subject to non-FLEX trading procedures and Rules.

(b) Notwithstanding paragraph (a), if a non-FLEX Option American-style series is added intraday, for the balance of that trading day, a position established under the FLEX trading procedures may be closed using the FLEX trading procedures in Chapter 5, Section F against another closing only FLEX position. A FLEX Official announces to FLEX Traders when such a FLEX Option series is restricted to closing only transactions. No FLEX Orders may be submitted into an electronic auction or represented for open outcry trading pursuant to Rule 5.72 for a FLEX Option series with the same terms as the non-FLEX Option series, unless the FLEX Order is a closing order, and it is the day on which the non-FLEX Option series was added intraday; FLEX Traders may only submit responses that close out existing FLEX positions. A FLEX Official may nullify a transaction in such a restricted series that does not conform to these requirements pursuant to Rule 5.77.

(c) In the event the relevant expiration is a holiday pursuant to Rule 5.1(d), this Rule 4.22 applies to options with an expiration date that is the business day immediately preceding the holiday, except for Monday-expiring Weekly Expirations (Rule 4.10), in which case this Rule 4.22 applies to options with an expiration date that is the business day immediately following the holiday.

[Effective October 7, 2019 (SR-CBOE-2019-084)]

SECTION D. CORPORATE DEBT SECURITY OPTIONS

The rules in this Chapter 4, Section D are applicable only to options where the underlying security is a Corporate Debt Security (as defined below). In addition, the rules in Chapters 1 through 15 are also applicable to options where the underlying security is a Corporate Debt Security, in some cases supplemented by rules in this Chapter 4, Section D, except for rules that have been replaced in respect of Corporate Debt Security options by rules in this Chapter 4, Section D and except where the context otherwise requires. Whenever a rule in this Chapter 4, Section D supplements or, for purposes of this Chapter 4, Section D, replaces rules in Chapters 1 through 15, that fact is indicated following the rule in this Chapter 4, Section D.

Rule 4.30. Definitions

Call

The term "call" means an option under which the holder of the option has the right, in accordance with the terms of the option, to purchase from the Clearing Corporation the principal amount of the underlying Corporate Debt Security covered by the option.

Corporate Debt Security

The term "Corporate Debt Security" means a bond or other evidence of indebtedness that is a direct obligation of any corporate entity, including, but not limited to any corporation, partnership, limited liability company, or limited liability partnership and which is either a TRACE-eligible security or is listed on or traded through the facilities of a national securities exchange registered under Section 6 of the Exchange Act.

Exercise Price

The term "exercise price" means the specified percentage of the principal amount at which the underlying Corporate Debt Security may be purchased or sold upon the exercise of the option contract.

Put

The term "put" means an option under which the holder of the option has the right, in accordance with the terms and provisions of the option, to sell to the Clearing Corporation the principal amount of the underlying Corporate Debt Security covered by the option.

TRACE

The term "TRACE" means the NASD's reporting vehicle for over-the-counter secondary market transactions in eligible fixed income securities, otherwise known as the Trade Reporting and Compliance Engine.

TRACE-Eligible Security

The term "TRACE-eligible security" means any Corporate Debt Security that is required to be reported to TRACE.

TRACE System Hours

The term "TRACE system hours" means those hours TRACE is open, as set forth in the NASD rules.

[Effective October 7, 2019 (SR-CBOE-2019-085)]

Rule 4.31. Designation of Corporate Debt Security Options

Corporate Debt Security options dealt in on the Exchange are designated by reference to the issuer of the underlying Corporate Debt Security, principal amount, expiration month and year, exercise price or nominal exercise price, type (put or call), stated or nominal rate of interest and stated date of maturity or nominal term to maturity.

This Rule 4.31 replaces, for purposes of this Chapter 4, Section D, Rule 4.1.

[Effective October 7, 2019 (SR-CBOE-2019-085)]

Rule 4.32. Approval of Underlying Corporate Debt Securities

Approval of Corporate Debt Security options shall be determined in accordance with the provisions set forth in Rule 4.3.12. Withdrawal of approval of Corporate Debt Security options shall be determined in accordance with the provisions set forth in Rule 4.4.12.

[Effective October 7, 2019 (SR-CBOE-2019-085)]

Rule 4.33. Terms of Corporate Debt Security Options

(a) *General.* A single Corporate Debt Security option covers $100,000 principal amount of the underlying security. The expiration month and exercise price of Corporate Debt Security options of each series shall be determined by the Exchange at the time each series of options is first opened for trading.

(b) *Expiration Months.* Unless the Exchange otherwise provides, Corporate Debt Security options may expire at two-month intervals or in sequential monthly expiration. There may be up to five expiration months (with up to ten initial strikes per month), none further out than 15 months; provided that additional expiration months further out than fifteen months may be listed where a reasonably active secondary market exists.

(c) *Exercise Price.* The exercise price intervals of each series of Corporate Debt Security options shall be fixed at a percentage of principal amount (based on a par quote basis of $100) as follows:

(1) 0.5% ($0.50) or greater, provided that the series to be listed is no more than five percent above or below the current market price of the Corporate Debt Security as determined by the transaction prices reported on TRACE during TRACE system hours or effected on or through the facilities of a national securities exchange registered under Section 6 of the Exchange Act;

(2) 1.0% ($1.00) or greater, provided that the series to be listed is no more than ten percent above or below the current market price of the Corporate Debt Security as determined by the transaction prices reported on TRACE during TRACE system hours or effected on or through the facilities of a national securities exchange registered under Section 6 of the Exchange Act; and

(3) 2.5% ($2.00) or greater, provided that the series to be listed is greater than ten percent above or below the current market price of the Corporate Debt Security as determined by the transaction prices reported on TRACE during TRACE system hours or effected on or through the facilities of a national securities exchange registered under Section 6 of the Exchange Act.

The Exchange will notify its Trading Permit Holders of any additional series opened for trading in a regulatory circular. This Rule 4.33 supplements Rule 4.5.

[Effective October 7, 2019 (SR-CBOE-2019-085)]

Rule 4.34. Series of Corporate Debt Security Options Open for Trading

(a) *Initial Series of Corporate Debt Security Options.* The Exchange may open for trading Corporate Debt Security options at any time following the issuance of the underlying Corporate Debt Security, subject to the satisfaction of the initial listing standards set forth in Rule 4.3.12.
(b) Additional Series of Options to Reflect Price Changes. After a class of Corporate Debt Security options has been opened for trading in accordance with paragraph (a) of this Rule, additional series of options of the same class may be opened to reflect substantial changes in prices of the Corporate Debt Securities.

[Effective October 7, 2019 (SR-CBOE-2019-085)]

Rule 4.35. FLEX Trading

Corporate Debt Security Options shall be eligible for trading as Flexible Exchange Options, even if the Exchange does not list and trade Non-FLEX options on Corporate Debt Securities. For purposes of Chapter 4, Section C, references to the term "FLEX Equity Options" shall include a Corporate Debt Security Option and references to the "underlying security" or "underlying equity security" in respect of a Credit Option shall mean "Corporate Debt Security" as defined in Rule 4.30. FLEX Options on Corporate Debt Securities shall be physically settled.

[Effective October 7, 2019 (SR-CBOE-2019-085)]

SECTION E. CREDIT OPTIONS

The rules in this Chapter 4, Section E are applicable only to Credit Options. In addition, the rules in Chapters 1 through 15 are also applicable to the options provided for in this Chapter 4, Section E, in some cases supplemented by rules in this Chapter 4, Section E, except for rules that have been replaced in respect of Credit Options in this Chapter 4, Section E and except where the context otherwise requires. Whenever a rule in this Chapter 4, Section E supplements or, for purposes of this Chapter 4, Section E, replaces rules in Chapter 1 through 15, that fact is indicated following the rule in this Chapter 4, Section E.

Rule 4.40. Definitions

The following terms as used in this Chapter 4, Section E, shall unless the context otherwise indicates, have the meanings herein specified.

Cash Settlement Amount

The term "cash settlement amount" means the amount of cash that a holder will receive upon exercise of the contract.

(a) For Credit Default Options, the cash settlement amount per contract is a fixed amount equal to the exercise settlement value multiplied by a contract multiplier specified by the Exchange (which shall be at least 1 and no more than 1,000). The exercise settlement value will be an amount determined by the Exchange on a class-by-class basis and shall be equal to $1 or $100, or a value between those values. The cash settlement amount is payable upon automatic exercise if the Exchange confirms a Credit Event in accordance with Rule 6.20. If a Credit Event is not confirmed, the cash settlement value will be $0. If applicable, the cash settlement amount will be adjusted in accordance with Rule 4.44.

(b) For Credit Default Basket Options, the cash settlement amount paid for a Basket Component that has a confirmed Credit Event is equal to the Notional Face Value of the Basket Component multiplied by one minus the Basket Component recovery rate specified by the Exchange at listing. (The exercise settlement value will be equal to the cash settlement amount divided by the contract multiplier specified by the Exchange). For example, if the Notional Face Value of the Basket Component is

$10,000 and the Exchange specifies a recovery rate of 40% (or 0.40) for the particular Basket Component in which a Credit Event is confirmed, the cash settlement amount will be $6,000 ($10,000 * (1 - 0.40)). For a holder of a long Single Payout Credit Default Basket Option, the cash settlement amount, based on this equation, is paid a single time when the first Credit Event is confirmed during the life of the option. If no Credit Event is confirmed in any Basket Component in either type of Credit Default Basket Options, the cash settlement value will be $0.

Credit Default Option

The term "Credit Default Option" means a binary call that settles in cash based on the confirmation of a Credit Event in a Reference Entity.

Credit Default Basket Option

The term "Credit Default Basket Option" means a call option based on a basket comprised of at least two Reference Entities ("Basket Component(s)"), which settles in cash in one of the following manners:

(a) Multiple Payout Credit Default Basket Options automatically pay a cash settlement amount each time a Credit Event is confirmed in a Basket Component during the life of the option. A cash settlement amount will only be paid once in connection with a particular Basket Component that has a confirmed Credit Event, after which time that Basket Component will be removed from the Credit Default Basket. If a Credit Event is confirmed in every Basket Component prior to expiration, the option will cease to trade.

(b) Single Payout Credit Default Basket Options are automatically exercised and pay a single cash settlement amount as soon as the first Credit Event is confirmed in any one of the Basket Components. If no Credit Event is confirmed in any Basket Component prior to expiration, the option expires worthless.

Credit Event

A "Credit Event" occurs when a Reference Entity:

(a) has a Failure-to-Pay Default on a specific debt security obligation (the "Reference Obligation") or any other debt security obligation(s) other than non-recourse indebtedness (the set of these obligations and the Reference Obligation are referred to as the "Relevant Obligations"). The term "Failure-to-Pay Default" will be specified by the Exchange in accordance with Rule 4.41 or Rule 4.42 and will be defined in accordance with the terms of the Relevant Obligation(s), provided that the minimum failure-to-pay amount, individually or in the aggregate, shall be the greater of $750,000 or the amount specified in accordance with the terms of the Relevant Obligation(s); and/or

(b) has any other Event of Default on the Relevant Obligation(s). Each such "Event(s) of Default" will be specified by the Exchange in accordance with Rule 4.41 or Rule 4.42 and, if so specified, will be defined in accordance with the terms of the Relevant Obligation(s); provided that the default relates to a principal amount of the Relevant Obligation(s), individually or in the aggregate, that is the greater of $7.5 million or the amount specified in accordance with the terms of the Relevant Obligation(s); and/or

(c) has a change in the terms of the Relevant Obligation(s) (a "Restructuring"). The terms of such a Restructuring will be specified by the Exchange in accordance with Rule 4.41 or Rule 4.42 and, if so specified, will be defined in accordance with the terms of the Relevant Obligation(s); provided that the restructuring relates to a principal amount of the Relevant Obligation(s), individually or in the aggregate, that is the greater of $7.5 million or the amount specified in the terms of the Relevant Obligation(s).

Credit Option

The term "Credit Option" means an option that is subject to the Rules in this Chapter 4, Section E.

Expiration Date

(a) For Credit Default Options, the "expiration date" shall be the 4th business day after the 3rd Friday of the expiration month (or, if that day is not a business day, the 4th business day after the preceding business day); provided, however, if a Credit Event is confirmed by the Exchange to Trading Permit Holders and the Clearing Corporation before that day, or a Redemption Event, as provided for in Rule 4.44, has been confirmed prior to that day, the expiration date will be accelerated to the 2nd business day immediately following the confirmation date.

(b) For Credit Default Basket Options, the "expiration date" shall be the 4th business day after the 3rd Friday of the expiration month (or, if that day is not a business day, the 4th business day after the preceding business day); provided, however, if a Credit Event is confirmed by the Exchange to Trading Permit Holders and the Clearing Corporation before that day in (A) every Basket Component for a Multiple Payout Credit Default Basket Option; or (B) the first Credit Event in any one of the Basket Components for a Single Payout Credit Default Basket Option; or a Redemption Event, as provided for in Rule 4.44, has been confirmed in the last Basket Component prior to that day, the expiration date will be accelerated to the 2nd business day immediately following the last confirmation date.

Last Trading Day

(a) For Credit Default Options, the "last trading day" shall be the 3rd Friday of the expiration month (or, if that day is not a business day, the preceding business day); provided, however, if a Credit Event has been confirmed prior to that day, or a Redemption Event, as provided for in Rule 4.44, has been confirmed prior to that day, the series will cease trading at the time of the confirmation of the Credit Event and the last trading day will be accelerated to the confirmation date.

(b) For Credit Default Basket Options, the "last trading day" shall be the 3rd Friday of the contract month (or, if that day is not a business day, the preceding business day); provided, however, if a Credit Event has been confirmed by the Exchange to Trading Permit Holders and the Clearing Corporation prior to that day in (A) every Basket Component for a Multiple Payout Credit Default Basket Option; or (B) the first Credit Event in any one of the Basket Components for a Single Payout Credit Default Basket Option; or a Redemption Event, as provided for in Rule 4.44, has been confirmed in the last Basket Component prior to that day, the series will cease trading at the time of the confirmation and the last trading day will be changed to the confirmation date.

Notional Face Value of Basket

The term "Notional Face Value of Basket" is the total face value for the Credit Default Basket as specified by the Exchange at listing.

Notional Face Value of Basket Component

The term "Notional Face Value of Basket Component" is the weight of the Basket Component multiplied by the Notional Face Value of Basket as specified by the Exchange at listing.

Reference Entity

The term "Reference Entity" means the issuer or guarantor of the Reference Obligation that underlies a Credit Default Option or the issuer of guarantor of one of the Reference Obligations that underlies a Credit Default Basket Option.

[Effective October 7, 2019 (SR-CBOE-089)]

Rule 4.41. Designation of Credit Default Option Contracts

(a) The Exchange may from time to time approve for listing and trading on the Exchange Credit Default Options that have been selected in accordance with Rule 4.3.11. Each Credit Default Option class is designated by reference to the Reference Entity, Reference Obligation and applicable Credit Event(s). The Exchange will specify one or more of the following Credit Event(s): (1) Failure-to-Pay Default; or (2) Event(s) of Default; or (3) Restructuring.

(b) After a particular Credit Default Option class has been approved for listing and trading on the Exchange, the Exchange from time to time may open for trading series of options on that class. Only Credit Default Option contracts approved by the Exchange and currently open for trading on the Exchange may be purchased or written on the Exchange. Prior to the opening of trading in a particular Credit Default Options series in a given class, the Exchange will fix the expiration month and year.

(1) Credit Default Option series will generally expire up to 123 months from the time they are listed, may expire in the months of March, June, September and December, and will cease trading at the close of business on the 3rd Friday of the expiration month (however, if that day is not a business day, the series will cease trading at the close of business on the preceding business day).

(2) The Exchange usually will open one to four series for each year up to 10.25 years from the current expiration. Additional series of options on the same Credit Default Option class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market or to meet customer demand. The opening of a new series of Credit Default Options on the Exchange will not affect any other series of options of the same class previously opened.

Rule 4.41 supplements Rules 4.1, 4.3, 4.5 and 4.8.

[Effective October 7, 2019 (SR-CBOE-089)]

Rule 4.42. Designation and Terms of Credit Default Basket Option Contracts

(a) The Exchange may from time to time approve for listing and trading on the Exchange Credit Default Basket Options. Each Credit Default Basket Option class is designated by reference to:

(1) the Notional Face Value of Basket (e.g., $100,000),

(2) the Basket Components,

(3) the weight of each Basket Component, which represents the fraction of the Notional Face Value of the Basket allocated to each Basket Component,

(4) the recovery rate of each Basket Component,

(5) the specified debt security that defines the Reference Obligation of each Basket Component (e.g., Corporation XYZ 8.375% July 2033 bond), and

(6) the applicable Credit Event(s). The Exchange will specify one or more of the following Credit Event(s): (A) Failure-to-Pay Default; or (B) Event(s) of Default; or (C) Restructuring.

(b) After a particular Credit Default Basket Option class has been approved for listing and trading on the Exchange, the Exchange from time to time may open for trading series of options on that class. Only Credit Default Basket Option contracts approved by the Exchange and currently open for trading on the Exchange may be purchased or sold on the Exchange. Prior to the opening of trading in a particular Credit Default Basket Options series in a given class, the Exchange will fix the expiration month and year.

(1) Credit Default Basket Option series will generally expire up to 123 months from the time they are listed, may expire in the months of March, June, September and December.

(2) The Exchange usually will open one to four series for each year up to 10.25 years from the current expiration. Additional series of options on the same Credit Default Basket Option class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market or to meet customer demand. The opening of a new series of Credit Default Basket Options on the Exchange will not affect any other series of options of the same class previously opened.

Rule 4.42 supplements Rules 4.1, 4.3, 4.5 and 4.8.

[Effective October 7, 2019 (SR-CBOE-089)]

Rule 4.43. Withdrawal of Approval of Underlying Reference Entity

The requirements for continuance of approval of Credit Options shall be in accordance with Rule 4.4.13.

[Effective October 7, 2019 (SR-CBOE-089)]

Rule 4.44. Adjustments

(a) Credit Default Option contracts are subject to adjustment in accordance with the following:

(1) Adjustment for Succession: Each Credit Default Option will be replaced by one or more Credit Default Options derived from Successor Reference Entities that have succeeded the original Reference Entity as a result of a Succession Event based on the applicable share of each Successor Reference Entity.

(i) A "Successor Reference Entity" and a "Succession Event" will be defined in accordance with the terms of the Relevant Obligation(s). In determining the applicable share, an equal share will be allocated to each Successor Reference Entity that has succeeded the original Reference Entity as issuer or guarantor of at least one Relevant Obligation and at least 25% of the principal amount of the original Reference Entity's outstanding debt obligations other than non-recourse indebtedness. If no Successor Reference Entity satisfies the "at least 25%" requirement and the original Reference Entity does not survive following the Succession Event, an equal share will be allocated to the Successor Reference Entity(ies) that succeeded to the largest percentage of the original Reference Entity's outstanding debt obligations other than non-recourse indebtedness.

(ii) In respect of each successor Credit Default Option, the cash settlement amount and contract multiplier will be adjusted based on the applicable share of each Successor Reference Entity. All other terms and conditions of each successor Credit Default Option will be the same as the original Credit Default Option unless the Exchange determines, in its sole discretion, that a modification is necessary and appropriate for the protection of investors and the public interest, including but not limited to the maintenance of fair and orderly markets, consistency of interpretation and practice, and the efficiency of settlement procedures.

(2) Adjustment for Redemption: Once the Exchange has confirmed a Redemption Event, the Credit Default Option contract will cease trading on the confirmation date. If no Credit Event has been confirmed to have occurred prior to the effective date of the Redemption Event, the contract payout will be $0. If a Credit Event has been confirmed to have occurred prior to the effective date of the Redemption Event, the cash settlement amount shall be as provided in Rule 4.41. The Credit Event confirmation period will begin when the Credit Default Option contact is listed and will extend to 3:00 p.m. (CT) on the 4th Exchange business day after the effective date of the Redemption Event.

(i) A "Redemption Event" will be defined in accordance with the terms of the Relevant Obligation(s) and will include the redemption or maturity of the Reference Obligation and of all other Relevant Obligations.

(ii) If the Reference Obligation is redeemed or matures but other Relevant Obligation(s) remain, a new Reference Obligation will be specified from among the remaining Relevant Obligation(s) and the substitution will not be deemed a Redemption Event.

(b) Credit Default Basket Option contracts are subject to adjustment in accordance with the following:

(1) Adjustment for Succession: Once the Exchange has confirmed a Succession Event in a Basket Component, that component will be replaced by one or more Basket Components ("Successor Basket Components") consisting of the Successor Basket Component(s) that

have succeeded the original Basket Component as a result of a Succession Event based on the applicable share of each Successor Basket Component.

(i) A "Successor Basket Component" and a "Succession Event" will be defined in accordance with the terms of the Relevant Obligations of the Basket Component that is subject to adjustment for succession. In determining the applicable share, an equal share will be allocated to each Successor Basket Component that has succeeded the original Basket Component as issuer or guarantor of at least one Relevant Obligation and at least 25% of the principal amount of the original Basket Component's outstanding debt obligations other than non-recourse indebtedness. If no Successor Basket Component satisfies the "at least 25%" requirement and the original Basket Component does not survive following the Succession Event, an equal share will be allocated to the Successor Basket Component(s) that succeeded to the largest percentage of the original Basket Component's outstanding debt obligations other than non-recourse indebtedness.

(ii) In the event of an adjustment for succession, the Exchange will specify the Reference Obligation, recovery rate and the basket weight of each Successor Basket Component. The newly specified weight(s) will equal the weight of the predecessor Basket Component replaced by the Successor Basket Component(s).

(iii) In respect of each Credit Default Basket Option contract that was subject to adjustment for succession, all other terms and conditions of each Credit Default Basket Option containing a Successor Basket Component will be the same as the original Credit Default Basket Option unless the Exchange determines, in its sole discretion, that a modification is necessary and appropriate for the protection of investors and the public interest, including but not limited to the maintenance of fair and orderly markets, consistency of interpretation and practice, and the efficiency of settlement procedures.

(2) Adjustment for Redemption: Once the Exchange has confirmed a Redemption Event in a Basket Component, that Basket Component will be removed from the Credit Default Basket. If a Credit Event has been confirmed to have occurred prior to the effective date of a Redemption Event, the cash settlement amount shall be as provided in Rule 4.41. The Credit Event confirmation period will begin when the Credit Default Basket Option contract is listed and will extend to 3:00 p.m. (CT) on the 4th Exchange business day after the effective date of the Redemption Event.

(i) A "Redemption Event" will be defined in accordance with the terms of the Relevant Obligations and will include the redemption of the Reference Obligation and of all other Relevant Obligations.

(ii) If the Reference Obligation is redeemed or matures but other Relevant Obligations remain, a new Reference Obligation will be specified from among the remaining Relevant Obligation(s) and the substitution will not be deemed a Redemption Event.

(c) The Exchange will confirm adjustment events based on at least two sources, which may include announcements published via newswire services or information services companies, the names of which will be announced to the Trading Permit Holders via Regulatory Circular, and/or information

submitted to or filed with the courts, the SEC, an exchange or association, the Clearing Corporation, or another regulatory agency or similar authority.

(d) When adjustments have been made, announcement of that fact will be made by the Exchange, and the adjusted cash settlement amount(s) and the adjusted contract multiplier(s) will be posted at the post at which the series is traded and will be effective at the time specified in the announcement for all subsequent transactions in the series.

(e) Every determination of the Exchange pursuant to this Rule 4.44 will be within its sole discretion and shall be conclusive and binding on all holders and sellers and not subject to review.

Rule 4.44 replaces, for purposes of Chapter 4, Section E, Rule 4.7.

[Effective October 7, 2019 (SR-CBOE-089)]

Rule 4.45 FLEX Trading

Credit Options shall be eligible for trading as Flexible Exchange Options, even if the Exchange does not list and trade Non-FLEX Credit Options. For purposes of Chapter 4, Section C, references to the term "FLEX Equity Options" shall include a Credit Option and references to the "underlying security" or "underlying equity security" in respect of a Credit Option shall mean the Reference Obligation as defined in Rule 4.40. For purposes of Rules 4.20 and 4.21, the FLEX Equity Option shall be cash-settled and the exercise by exception provisions of the Clearing Corporation Rule 805 shall not apply.

[Effective October 7, 2019 (SR-CBOE-089)]

Rule 4.46. Trading Rotations

Rule 5.31 shall be applicable to Credit Options. In accordance with Rule 5.31(d), at an Exchange-determined number of seconds after 9:30 a.m., the System will initiate the opening rotation.

[Effective October 7, 2019 (SR-CBOE-089)]

SECTION F. GOVERNMENT SECURITY OPTIONS

The rules in this Chapter 4, Section F are applicable only to options where the underlying security is a Government security (as defined below). Certain of these rules apply to all options on Government securities; other rules, as indicated, apply only to options on Treasury notes and bonds; Rule 4.56 applies only to options on Treasury bills. In addition, the rules in Chapters 1 through 15 are also applicable to options where the underlying security is a Government security, in some cases supplemented by rules in this Chapter 4, Section F, except for rules that have been replaced in respect of Government security options by rules in this Chapter 4, Section F and except where the context otherwise requires. Whenever a rule in this Chapter 4, Section F supplements or, for purposes of this Chapter 4, Section F, replaces rules in Chapters 1 through 15, that fact is indicated following the rule in this Chapter 4, Section F.

Rule 4.50. Definitions

Adjusted Aggregate Exercise Price (Market Basket Option; Treasury Bonds and Notes)

The term "adjusted aggregate exercise price" in respect of a market basket option means the nominal exercise price of the option, adjusted in accordance with Rule 6.22(b) to reflect the rate of interest and remaining term to maturity of the underlying Government security actually delivered upon exercise, multiplied by the principal amount of the underlying Government security delivered.

Aggregate Exercise Price (Specific Coupon Option; Treasury Bonds and Notes)

The term "aggregate exercise price" in respect of a specific coupon option means the exercise price of an option contract multiplied by the principal amount of the underlying Government security covered by the option.

Call

The term "call" means an option under which the holder of the option has the right, in accordance with the terms of the option, to purchase from the Clearing Corporation the principal amount of the underlying Government security covered by the option.

Covered

The term "covered" in respect of a short position in a Government security call option contract means that the writer holds in the same account on a principal for principal basis: (1) a long position in underlying Government securities that qualify for delivery upon exercise; (2) a long Government security call option position for the same underlying security as the short call position where the expiration date of the long call position is the same as or subsequent to the expiration date of the short call position and the exercise price(s) of the long call position is equal to or less than the exercise price of the short call position; or (3) a custodial or Treasury security escrow receipt meeting the conditions of Rule 10.12(f). The term "covered" in respect of a short position in a Government security put option contract means that the writer holds in the same account on a principal for principal basis: (1) a long Government security put option position for the same underlying security as the short put position where the expiration date of the long put position is the same as or subsequent to the expiration date of the short put position and the exercise price(s) of the long put position is equal to or greater than the exercise price of the short put position or (2) a Government security put guarantee letter meeting the conditions of Rule 10.12(f).

Rule 4.50 replaces corresponding definitions set forth in Rule 1.1.

Exercise Price (Specific Coupon Option; Treasury Bonds and Notes)

The term "exercise price" in respect of a specific coupon option means the specified percentage of the principal amount at which the underlying Government security may be purchased or sold upon the exercise of the option contract.

Government Security

The term "Government security" means a bond, note, bill, or other evidence of indebtedness that is a direct obligation of, or an obligation guaranteed as to principal or interest by, the United States or a

corporation in which the United States has a direct or indirect interest (except debt securities guaranteed as to timely payment of principal and interest by the Government National Mortgage Association). Securities issued or guaranteed by individual departments or agencies of the United States are sometimes referred to by the title of the department or agency involved (e.g., "Treasury security" means a security issued by the United States Treasury).

Market Basket Option (Treasury Bonds and Notes)

The term "market basket option" means an option having a designated hypothetical underlying Government security bearing a nominal rate of interest and remaining term to maturity in accordance with Rules designating the terms of the option, but where delivery upon exercise may be made in underlying securities of the same issuer bearing various qualified rates of interest and terms to maturity.

Nominal Exercise Price (Market Basket Option; Treasury Bonds and Notes)

The term "nominal exercise price" in respect of a market basket option means the specified percentage of the principal amount at which the hypothetical underlying Government security may be purchased or sold upon the exercise of the option.

Put

The term "put" means an option under which the holder of the option has the right, in accordance with the terms and provisions of the option, to sell to the Clearing Corporation the principal amount of the underlying Government security covered by the option.

Specific Coupon Option (Treasury Bonds and Notes)

The term "specific coupon option" means an option having a specifically identified underlying Government security, which is required to be delivered upon exercise.

Treasury Note

The term "Treasury note" means a note issued by the U.S. Treasury with a term to maturity of at least two years but no more than ten years at the time of original issuance.

Treasury Bond

The term "Treasury bond" means a bond issued by the U.S. Treasury with a term to maturity of more than ten years at the time of original issuance.

[Effective October 7, 2019 (SR-CBOE-2019-086)]

Rule 4.51. Designation of Government Security Options (Treasury Bonds and Notes)

Government security options dealt in on the Exchange are designated by reference to the issuer of the underlying Government security, principal amount, expiration month (and year for the longest term option series), exercise price or nominal exercise price, type (put or call), stated or nominal rate of

interest and stated date of maturity or nominal term to maturity (e.g. a specific coupon call option expiring in March and having an exercise price of 96% of the $100,000 principal amount of a 13 3/8% Treasury bond that matures on August 15, 2001, is designated as a Treasury 13 3/8%—8/15/01 March 96 call. A market basket call option expiring in March and having a nominal exercise price of 68% of the $100,000 principal amount of a hypothetical 8% Treasury bond with a 15-year remaining term to maturity is designated as a Market basket Treasury 8%—15-year March 68 call).

Rule 4.51 replaces Rule 4.1.

[Effective October 7, 2019 (SR-CBOE-2019-086)]

Rule 4.52. Approval of Underlying Treasury Securities for Specific Coupon Options (Treasury Bonds and Notes)

Treasury securities may be approved as underlying securities for Exchange transactions in specific coupon options by the Board (or the Committee designated by the Board) subject to such requirements as to size of original issuance, aggregate principal amount outstanding, years to maturity or other characteristics as the Board (or the Committee designated by the Board) deems necessary or appropriate in the interest of maintaining a fair and orderly market or for the protection of investors.

Interpretations and Policies:

.01 The original public sale of an underlying Treasury security shall be at least $1 billion principal amount.

.02 In order to limit underlying Treasury securities for specific coupon options to the most recently issued and actively traded issues, ordinarily the approval of such an underlying security will only extend for a period of no more than 15 months from the date of its initial approval, and series of options opened thereafter will relate to more recently issued Treasury securities; provided, however, that such approval may be extended in the event of the reopening of the underlying security by the Treasury, or in the event of issues where a reasonably active secondary market exists. Further, even prior to the end of such 15-month period, the Board (or the Committee designated by the Board) shall withdraw approval of an underlying Treasury security at any time if it determines on the basis of information made publicly available by the Treasury that the security has a public issuance of less than $750 million, excluding stripped securities.

.03 The Board (or the Committee designated by the Board) may determine, for any reason, to withdraw approval of any Treasury securities as underlying securities; and, after any announcement by the Exchange of any such withdrawal, each TPH organization shall, prior to effecting any option transaction for a customer in such Treasury securities, inform such customer of that fact.

.04 The Exchange may list Treasury bonds that have never been listed on the Exchange or have been delisted when, based on information made publicly available by the Treasury, the bond has a public issuance of $1 billion, excluding stripped securities.

Rule 4.52 and Interpretations and Policies 4.52.01, .02, .03 and .04 replace Rules 4.3 and 4.4.

[Effective October 7, 2019 (SR-CBOE-2019-086)]

Rule 4.53. Terms of Treasury Security Options (Treasury Bonds and Notes)

(a) *General*. A single Treasury security option covers $100,000 principal amount of the underlying security. The expiration month and exercise price of Treasury security options of each series shall be determined by the Board (or the Committee designated by the Board) at the time each series of options is first opened for trading.

(b) *Expiration Months*. Unless the Board (or the Committee designated by the Board) otherwise provides and so indicates at the post at which the option is traded, Treasury security options may expire at three-month intervals or in sequential monthly expiration. There may be up to five expiration months, none further out than fifteen months.

(c) *Exercise Price*. The exercise price of each series of Treasury security options shall be fixed at a percentage of principal amount which is an integral multiple of 0.5%. In the case of a specific coupon Treasury security option, the exercise price so determined shall be reasonably close to the percentage of principal amount at which the underlying security is traded in the primary market at the time the series of options is first opened for trading. The exercise price of such additional series will ordinarily be fixed at an integral multiple of 0.5%, but the Board (or the Committee designated by the Board), upon two business days' notice, may fix exercise prices at different intervals, provided that all such exercise prices are reasonably close to the market prices of the underlying securities. Notice of any additional series opened for trading shall be given. In the case of market basket Treasury bond options, the exercise price so determined shall be a percentage of the principal amount of a hypothetical underlying Treasury bond bearing an 8% nominal rate of interest and a 15-year nominal term to maturity which results in a yield reasonably close to the highest market yield of Treasury bonds qualified for delivery upon exercise in accordance with Rule 6.22(b), as determined by the Exchange at the time the series of options is first opened for trading.

Rule 4.53 supplements Rule 4.5.

[Effective October 7, 2019 (SR-CBOE-2019-086)]

Rule 4.54. Series of Treasury Security Options Open for Trading (Treasury Bonds and Notes)

(a) *Initial Series of Specific Coupon Options*. The Board (or the Committee designated by the Board) may open for trading specific coupon Treasury security options at any time following the auction sale of the underlying security. At the time options are initially opened for trading on a newly auctioned underlying Treasury security, series of options on that security for up to five different expiration months will ordinarily be opened simultaneously, expiring in from 1 up to 15 months.

(b) *Additional Series of Options to Reflect Price Changes*. After a class of specific coupon Treasury security options has been opened for trading in accordance with paragraph (a) of this Rule, additional series of options of the same class may be opened to reflect substantial changes in prices of the underlying Treasury securities.

(c) *Market Basket Options*. Market basket Treasury bond options may be opened for trading in up to five expirations, expiring in from one to 15 months. Thereafter, additional series will be opened expiring in the most distant month, to replace expiring short-term options. Additional series will also

be opened to reflect substantial changes in the yield of underlying Treasury bonds. Notice of any such additional series opened for trading shall be given.

Rule 4.54 replaces paragraph (a) of Rule 4.6 and supplements Rule 4.6(b).]

[Effective October 7, 2019 (SR-CBOE-2019-086)]

Rule 4.55. Special Rules for Treasury Bill Options

(a) *General*. The foregoing rules of this Chapter 4, Section F applicable to Government security options shall apply equally to Treasury bill options except to the extent otherwise indicated.

(b) *Definitions*. The following definitions shall apply to Treasury bill options:

(1) The term "Treasury bill" means a non-interest bearing Government security issued by the U.S. Treasury and sold at an original issue discount from par, with a term to maturity of not more than 1 year at the time of original issuance.

(2) The term "exercise price" means the specified annualized discounted price (expressed as a percentage of the principal amount of the underlying Treasury bills) at which the underlying Treasury bills may be purchased or sold upon exercise of the option.

(3) The term "exercise discount" means the complement of the exercise price (100% - exercise price = exercise discount).

(4) The term "adjusted aggregate exercise discount" means the exercise discount applicable to the principal amount of Treasury bills covered by the option, adjusted to reflect the term to maturity of the underlying Treasury bills. The adjusted aggregate exercise discount is calculated as follows: (A) the exercise discount is multiplied by a fraction, the numerator of which is the number of days to maturity of the longest maturity Treasury bills deliverable upon exercise of the option under the rules of the Clearing Corporation, and the denominator of which is 360; (B) this amount (which is the exercise discount adjusted to reflect the term to maturity of the underlying Treasury bills) is then multiplied by the principal amount of the underlying Treasury bills covered by the option. For example, if the exercise price of a 13-week (91-day) Treasury bill is 86, the adjusted exercise discount is calculated by multiplying the exercise discount of 14% (100% - 86%) by 91/360, resulting in an adjusted exercise discount of 3.539% (rounded to the nearest 0.001%). Multiplying this percentage by $1,000,000 results in an adjusted aggregate exercise discount of $35,390.00.

(5) The term "aggregate exercise price" means the principal amount of underlying Treasury bills covered by an option reduced by the adjusted aggregate exercise discount. In the example used to illustrate the calculation of the adjusted aggregate exercise discount, the discount so calculated ($35,390.00) is subtracted from $1 million principal amount of Treasury bills covered by the 13-week Treasury bill option, which results in an aggregate exercise price of $964,610.00.

(c) *Terms of Treasury Bill Options*.

(1) Unless the Board (or its designee) otherwise provides and so indicates at the post at which the option is traded, Treasury bill options shall expire in the months of March, June, September and December, and a series of options of a given expiration month shall generally be opened for trading about 15 months prior to such expiration month.

(2) The current market price of an underlying Treasury bill is calculated by multiplying (A) the principal amount of the underlying Treasury bill by (B) a percentage calculated as follows, 100 minus (x) the highest asked yield quotation (in the case of a call) or (y) the lowest bid yield quotation (in the case of a put) in the over-the-counter market as reported at or about the close of trading on the preceding trading day by the quotation reporting system approved by the Clearing Corporation under its rules governing the determination of the "daily underlying security marking price," adjusting such yield quotations to reflect the term to maturity of the underlying Treasury bill.

(3) "Out of the money" is calculated by determining the amount by which the aggregate exercise price of a call is greater than the current market price (calculated as provided above in this rule) of the longest maturity underlying securities deliverable under the rules of the Clearing Corporation, or the amount by which the aggregate exercise price of a put is less than the current market price of the longest maturity underlying securities deliverable under the rules of the Clearing Corporation.

(4) The exercise price of each series of Treasury bill options shall be fixed at a percentage of the principal amount which is an integral multiple of 1%. Each time a series of Treasury bill options in a new expiration month is introduced for trading, two or three different exercise prices will be established for that expiration month that are reasonably close to the annualized discounted price at which the underlying Treasury bills are currently traded. Thereafter, additional series of Treasury bill options may be opened in the expiration months previously opened for trading to reflect changes in prices of the underlying Treasury bills. Ordinarily, new exercise prices will be fixed at intervals of 1%, but different intervals may apply from time to time, depending upon market conditions and the current price volatility of the underlying Treasury bills. Notice of each series of Treasury bill options opened for trading shall be given.

(d) *Premium Bids and Offers*. Bids and offers for Treasury bill options shall be expressed to the nearest 1/100of 1% (nearest basis point) of an amount which is the principal amount of the underlying Treasury bills multiplied by a fraction, the numerator of which is the number of weeks to maturity of the specified underlying Treasury bill, and the denominator of which is 52. For example, a bid of 1.15% for a 13-week Treasury bill option covering $1 million principal amount of underlying Treasury bills means that the actual premium bid for the option will be $2,875.00 (1.15% × $1,000,000 × 13/52). Similarly, a bid of 1.15% for a 26-week Treasury bill option covering $500,000 principal amount of underlying Treasury bills will also be $2,875.00 (1.15% × $500,000 × 26/52).

(e) *Exercise and Settlement*. Although Treasury bill options are exercisable at any time prior to their expiration, the settlement of exercise transactions takes place in accordance with the Rules of the Clearing Corporation only on Thursday or Friday of each week. Options that are exercised effective at the Clearing Corporation on or before Tuesday of each week will be settled on the Thursday or Friday of that week, and options so exercised on or after Wednesday of each week will be settled on

the Thursday or Friday of the following week. The party obligated to make delivery of underlying Treasury bills may choose whether to make delivery on the applicable Thursday or Friday, but in either case the aggregate exercise price payable on settlement is determined as if settlement were made on the applicable Thursday. Delivery of underlying Treasury bills upon exercise of a 13-week Treasury bill option shall consist of the principal amount of underlying Treasury bills covered by the option having a remaining term to maturity of 13 or fewer weeks from settlement Thursday (which may be 13- week Treasury bills issued in that week's auction or may be previously issued 52, 26 or 13- week Treasury bills with 13 or fewer weeks remaining until maturity). Delivery of underlying Treasury bills upon exercise of a 26-week Treasury bill option shall consist of the principal amount of underlying Treasury bills covered by the option having a remaining term to maturity of 26 or fewer weeks from settlement Thursday (which may be 26-week Treasury bills issued in that week's auction or may be previously issued 52, 26 or 13-week Treasury bills with 26 or fewer weeks remaining until maturity). Notwithstanding the foregoing, the aggregate exercise price payable upon the exercise of 13-week or 26-week Treasury bill options is calculated on the basis of the delivery of 13-week or 26-week Treasury bills, respectively, with no adjustment for delivery, as permitted under this Rule, of shorter maturity Treasury bills.

(f) *Position Limits, Exercise Limits and Related Reports*. The position limits and exercise limits applicable to Treasury bill options under Rules 8.40 and 8.42(e), respectively, shall be, in each case, $500 million principal amount of underlying 13-week Treasury bills and $250 million principal amount of underlying 26-week Treasury bills. Reports of large positions required under Rules 8.43, and 8.44 shall be required in the case of options covering $100 million or more principal amount of underlying 13-week Treasury bills and $50 million or more principal amount of underlying 26-week Treasury bills.

(g) *Obligations of Market-Makers*. Without limiting the general obligation to deal for his own account as required under Rule 5.51, a Market-Maker holding an appointment in Treasury bill options, in the course of maintaining a fair and orderly market, is expected to bid and/or offer so as to create differences of:

(1) no more than 10 basis points for each option for which the bid is less than one;

(2) no more than 20 basis points for each option for which the bid is one or more but less than 5;

(3) no more than 30 basis points for each option for which the bid is 5 or more but less than 10; and

(4) no more than 40 basis points for each option for which the bid is 10 or more.

The above differentials apply only to the two nearest term series of each class of Treasury bill options; for all longer term series the maximum bid/offer differentials are double those listed above.

[Effective October 7, 2019 (SR-CBOE-2019-086)]

Rule 4.56. Wire Connections

The Exchange will permit Trading Permit Holders to establish and maintain wire connections with other Trading Permit Holders and non-Trading Permit Holders for the purpose of obtaining timely information on price movements in Government securities on which options are dealt in on the Exchange. Written notice of each such wire connection shall be promptly filed with the Exchange. The Exchange may condition or terminate the use of any such wire connection if the Board (or a Committee designated by the Board) deems such action to be necessary or appropriate in the interest of maintaining a fair and orderly market or for the protection of investors.

[Effective October 7, 2019 (SR-CBOE-2019-086)]

Rule 4.57. Trading Rotations

(a) The opening rotation in each series of each class of Government securities options shall be overseen by an Exchange employee designated as the Post Coordinator for Government securities options and shall be held as promptly following availability of opening quotations on the quotation display mechanism(s) approved by the Exchange as the Post Coordinator deems appropriate under the circumstances. Generally, the Post Coordinator shall open first those series of a class with respect to which the greatest buying and selling interest has been expressed (deferring opening relatively inactive series); provided, however, that more than one series may be opened simultaneously. These procedures may be altered or supplemented by the Board (or its designee).

(b) In the event that current quotations are not available for Government securities underlying a class of specific coupon options or relating to a class of market basket options within a reasonable time after 9:00 a.m., the Post Coordinator for that class shall report the delay to a Floor Official and an inquiry shall be made to determine the cause of the delay. The opening rotation for Government securities options of that class shall be delayed until such current quotations are available, unless two Floor Officials determine that the interests of a fair and orderly market are best served by opening trading.

[Effective October 7, 2019 (SR-CBOE-2019-086)]

Rule 4.58. Priority of Bids and Offers

The following rules of priority shall be observed with respect to bids and offers for Government securities options:

(a) *Priority of bids*. The highest bid shall have priority, but where two or more bids for the same option contract represent the highest price, priority shall be afforded to such bids in the sequence in which they are made.

(b) *Priority of offers*. The lowest offer shall have priority, but where two or more offers for the same option contract represent the lowest price, priority shall be afforded to such offers in the sequence in which they are made.

(c) *Openings*. Any order present at the post at least five minutes prior to commencement of the opening rotation for that series of Government securities options shall be entitled to participate in the opening.

Rule 5.48 replaces Rules 5.85.

[Effective October 7, 2019 (SR-CBOE-2019-086)]

Rule 4.59. Limit Order Book for Government Securities Options

Notwithstanding any provision in the Rules to the contrary, there shall be no limit order book for Government securities options.

[Effective October 7, 2019 (SR-CBOE-2019-086)]

SECTION G. INTEREST RATE OPTIONS

The Rules in this Chapter 4, Section G are applicable only to interest rate option contracts. The Rules in Chapters 1 through 15 are also applicable to the options provided for in this Chapter 4, Section G. In some cases Rules in Chapter 1 through 15 are replaced or are supplemented by Rules in this Chapter 4, Section G.

Rule 4.60. Definitions

Aggregate Exercise Price

The term "aggregate exercise price" means the exercise price of the option contract times a multiplier.

Aggregate Settlement Value

The term "aggregate settlement value" when used in respect of the dollar amount to be reported by the Exchange to the Clearing Corporation on valid exercise of an interest rate option means the closing value of the interest rate measure on the last trading day immediately prior to the expiration time times the multiplier.

Call

The term "call" means an option contract under which the holder of the option has the right, in accordance with the terms of the option, to purchase from the Clearing Corporation the current value of an interest rate measure times a multiplier.

Current and Closing Value

The term "current value" in respect of a particular interest rate measure means the level of the interest rate measure, derived from the prices of the underlying security or securities that are the basis for the measure as reported by the Reporting Authority for the measure. The "closing value" shall be the last value reported on a business day.

European-Style Interest Rate Option

The term "European-Style Interest Rate option" means an option contract on an interest rate measure that, subject to the provisions of Rule 6.20 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised only on its expiration date.

Exercise Price

The term "exercise price" means the specified price per unit at which an interest rate option contract may be purchased or sold upon the exercise of the option.

Interest Rate Measure

The term "interest rate measure" means the number derived by the Exchange by multiplying by a factor of ten the current underlying yield to maturity on the given Treasury Security or Treasury Securities.

Multiplier

The term "multiplier" means the dollar amount specified by the Exchange by which the value of an interest rate measure is to be multiplied to arrive at the value required to be delivered to the holder of a call or by the holder of a put upon valid exercise of the contract.

Put

The term "put" means an option contract under which the holder of the option has the right, in accordance with the terms and provisions of the option, to sell to the Clearing Corporation the current value of an interest rate measure times a multiplier.

Reporting Authority

The term "Reporting Authority" in respect of a particular interest rate measure means the institution or reporting service designated by the Exchange as the official source for securing and disseminating the value underlying an interest rate measure.

Treasury Bill

The term "Treasury bill" means a non-interest bearing Government security issued by the U.S. Treasury and sold at an original issue discount from par, with a term to maturity of not more than 1 year at the time of original issuance.

Treasury Bond

The term "Treasury bond" means a bond issued by the U.S. Treasury with a term to maturity of more than ten years at the time of original issuance.

Treasury Note

The term "Treasury note" means a note issued by the U.S. Treasury with a term to maturity of at least two years but no more than ten years at the time of original issuance.

Treasury Security

The term "Treasury Security" means a Government security issued by the U.S. Treasury. A short-term Treasury Security is a Treasury Security with a term to maturity at the time of issuance of not

more than 1 year. A long-term Treasury Security is a Treasury Security with a term to maturity at the time of issuance of more than 1 year.

Underlying Security

The term "underlying security" or "underlying securities" with respect to an interest rate option contract means any of the Treasury bills, notes or bonds that are the basis for the calculation of an interest rate measure.

Yield to Maturity

The term "yield to maturity" when used with reference to a yield-based option on a specific underlying Treasury Note or Treasury Bond means the spot yield for the given security as reported by the designated Reporting Authority.

Interpretations and Policies

.01 The Exchange shall designate a Reporting Authority in respect of each interest rate option listed on the Exchange are for the purposes of determining the current value and the closing exercise settlement value.

.02 In the event that the Reporting Authority does not generate a closing value for the last business day of trading prior to expiration of any interest rate option, the closing value will be determined in accordance with the Rules and By-Laws of The Options Clearing Corporation.

[Effective October 7, 2019 (SR-CBOE-2019-087); amended December 19, 2019 (SR-CBOE-2019-118)]

Rule 4.61. Terms of Interest Rate Option Contracts

(a) *Exercise Prices*. The Exchange shall determine fixed intervals of exercise prices for call and put interest rate option contracts. The interval between strike prices shall be no less than $1.00.

(b) *Expiration Months*.

(1) *Short-Term Options*. Interest rate option contracts may expire at three-month intervals or in consecutive months. The Exchange may list up to six expiration months per short-term option at any one time, but may not list short-term options that expire more than twelve months out.

(2) *Long-Term Options ("LEAPS")*.

(A) The Exchange may list long-term interest rate options (LEAPS) in series that expire 12 to 180 months from the date of listing. The Exchange may list up to six expiration months for each LEAPS option, with no more than a six month interval between each expiration month. Whenever a new expiration month is listed, series may be established near or bracketing the current interest rate measure. Additional

series may thereafter be added when the value of the interest rate measure increases or decreases by at least ten percent (10%).

(B) When a new Interest Rate LEAPS series is added, such series shall be opened for trading either when there is buying or selling interest or 40 minutes prior to the close of trading, whichever occurs first. No quotations shall be posted for any such series until it is opened for trading. Strike price interval, bid/ask differential, and continuity rules shall not apply to any LEAPS series until the remaining time to expiration is less than twelve months.

(c) The Exchange may list European-style call and put interest rate option contracts on an interest rate measure that is (1) stated in the form of a yield to maturity on the most recently issued Treasury Note or Treasury Bond of a specific class and having the longest remaining term to maturity of any outstanding security within its class or (2) calculated as a composite yield to maturity on a mix of long term Treasury Securities or a mix of short term Treasury Securities.

(d) The multiplier of Interest Rate option contracts shall be 100.

(e) Interest Rate option contracts shall expire, for series expiring prior to February 1, 2015, on the Saturday following the third Friday of the expiration month or, for series expiring on or after February 1, 2015, on the third Friday of the expiration month.

Interpretations and Policies

.01 The procedures for adding and deleting strike prices for interest rate options are provided in Rule 4.5 and Interpretations and Policies related thereto, or as otherwise provided in Rule 4.61 and include the following:

(a) New series of interest rate option contracts may be added up to the fifth business day prior to expiration.

(b) When a new series of interest rate option contracts with a new expiration cycle is opened for trading, up to four strike prices above and four strike prices below the current interest rate measure may be added.

(c) When the value of the interest rate measure underlying a class of interest rate options reaches a strike price, the Exchange may add one or more additional strike prices such that there may be up to five strike prices above and five strike prices below the strike price which has been reached.

(d) In unusual market conditions, the Exchange may add additional series of interest rate option contracts up to six strike prices above and six strike prices below the current interest rate measure.

[Effective October 7, 2019 (SR-CBOE-2019-087)]

Rule 4.62. Wire Connections

The Exchange will permit Trading Permit Holders to establish and maintain wire connections with other Trading Permit Holders and non-Trading Permit Holders for the purpose of obtaining timely

information on price movements in Government securities. Written notice of each such wire connection shall be promptly filed with the Exchange. The Exchange may condition or terminate the use of any such wire connection if it deems such action to be necessary or appropriate in the interest of maintaining a fair and orderly market or for the protection of investors.

[Effective October 7, 2019 (SR-CBOE-2019-087)]

CHAPTER 5. OPTIONS TRADING

SECTION A. GENERAL PROVISIONS

Rule 5.1. Trading Days and Hours

(a) *Acceptance of Orders and Quotes.* The System accepts orders and quotes at the times set forth in Rule 5.7.

(b) *Regular Trading Hours.*

(1) *Equity Options.* Except as otherwise set forth in the Rules or under unusual conditions as may be determined by the Exchange, Regular Trading Hours for transactions in equity options (including options on individual stocks, ETFs, ETNs, and other securities) are the normal business days and hours set forth in the rules of the primary market currently trading the securities underlying the options, except for options on ETFs, ETNs, Index Portfolio Shares, Index Portfolio Receipts, and Trust Issued Receipts the Exchange designates to remain open for trading beyond 4:00 p.m. but in no case later than 4:15 p.m.

(2) *Index Options.* Except as otherwise set forth in the Rules or under unusual conditions as may be determined by the Exchange, Regular Trading Hours for transactions in index options are from 9:30 a.m. to 4:15 p.m., except as follows:

(A) Regular Trading Hours for the following index options are from 9:30 a.m. to 4:00 p.m.:

S&P Financial Select Sector Index (SIXM)

S&P Energy Select Sector Index (SIXE)

S&P Technology Select Sector Index (SIXT)

S&P Health Care Select Sector Index (SIXV)

S&P Utilities Select Sector Index (SIXU)

S&P Consumer Staples Select Sector Index (SIXR)

S&P Industrials Select Sector Index (SIXI)

S&P Consumer Discretionary Select Sector Index (SIXY)

S&P Materials Select Sector Index (SIXB)

S&P Real Estate Select Sector Index (SIXRE)

S&P Communication Services Select Sector Index (SIXC)

S&P 500 ESG Index (SPESG)

MSCI EAFE Index (EAFE)

MSCI Emerging Markets Index (EM)

(B) Regular Trading Hours for ETF Based Volatility Index options are from 9:30 a.m. to 4:15 p.m., except if the closing time for the index components (*i.e.*, Cboe Options-listed ETF options) is earlier than 4:15 p.m. Eastern Time, that earlier closing time applies.

(C) On their last trading day, Regular Trading Hours for the following options are from 9:30 a.m. to 4:00 p.m.

Cboe S&P 500 AM/PM Basis options

Index Options with Nonstandard Expirations (*i.e.*, Weeklys and EOMs) and Quarterly Expirations (*i.e.*, QIXs)

SPX options (p.m.-settled)

XSP options (p.m.-settled)

(D) On their last trading day, Regular Trading Hours for expiring FTSE Developed Europe Index options are from 9:30 a.m. to the closing time of the London Stock Exchange, which is usually 11:30 a.m.

(E) The last trading day for the following options will be the business day prior to the expiration date of the specific series:

MSCI EAFE Index options

MSCI Emerging Markets Index options

(F) With respect to options on a foreign index that is comprised of component securities trading in a single country, the Exchange may determine to not open the options for trading when the component securities of the foreign index are not trading due to a holiday for the foreign exchange(s) on which the component securities trade. The Exchange announces the days on which options on a particular foreign index will be closed at least once a year in January.

(G) Regular Trading Hours for Binary Options are the same as the Regular Trading Hours for options with the same underlying index.

(H) Regular Trading Hours for Range Options are the same as the Regular Trading Hours for options with the same underlying index.

(3) *Other Options.* Except as otherwise set forth in the Rules or under unusual conditions as may be determined by the Exchange, Regular Trading Hours during which transactions in the following types of options may be made on the Exchange are as follows:

(A) *FLEX Options.* Regular Trading Hours for FLEX Options are the same as the Regular Trading Hours for corresponding non-FLEX Options, except the Exchange may determine to narrow or otherwise restrict the trading hours for FLEX Options.

(B) *Corporate Debt Security Options.* Regular Trading Hours for Corporate Debt Security options are from 9:30 a.m. to 4:00 p.m.

(C*) Credit Options.* Regular Trading Hours for Credit Options are from 9:30 a.m. to 4:00 p.m.

(D) *Government Securities Options.* Regular Trading Hours for Government Securities options are the hours in which the underlying Government Securities are normally traded, which normally end at 3:00 p.m.

(E) *Interest Rate Options.* Regular Trading Hours for Interest Rate options are from 8:20 a.m. to 3:00 p.m.

(c) *Global Trading Hours.* Except under unusual conditions as may be determined by the Exchange, Global Trading Hours are from 3:00 a.m. to 9:15 a.m. on Monday through Friday.

(1) *Classes.* The Exchange may designate as eligible for trading during Global Trading Hours any exclusively listed index option designated for trading under Chapter 4, Section D. Currently, options on the following indexes are approved for trading during Global Trading Hours. If the Exchange designates a class of index options as eligible for trading during Global Trading Hours, FLEX Options with the same underlying index are also deemed eligible for trading during Global Trading Hours.

Standard & Poor's 500 Stock Index (SPX)

Cboe Volatility Index (VIX)

Mini-SPX Index (XSP)

(2) *Series.* The Exchange may list for trading during Global Trading Hours any series in eligible classes that it may list pursuant to Rule 4.13. Any series in eligible classes that are expected to be open for trading during Regular Trading Hours will be open for trading during Global Trading Hours on that same trading day (subject to Rule 5.31).

(3) *Index Values.* While it may not be calculated and disseminated at all times during Global Trading Hours, current values of VIX will be widely disseminated at least once every fifteen (15) seconds by the Options Price Reporting Authority or one or more major market vendors during that trading session. No current index value underlying any other index option trading during Global Trading Hours is disseminated during or at the close of that trading session.

(4) *Electronic Trading Only.* Trading during Global Trading Hours is electronic only on the System. There is no open outcry trading on the floor during Global Trading Hours. If in accordance with the Rules and User's instructions an order would route to PAR, the System returns the order to the Trading Permit Holder during Global Trading Hours.

(d) *Holidays.* The Exchange is not open for business on New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, or Christmas Day. When any holiday observed by the Exchange falls on a Saturday, the Exchange is not open for business on the preceding Friday, and when any holiday observed by the Exchange falls on a Sunday, the Exchange is not open for business on the following Monday, unless unusual business conditions exist at the time.

[Effective October 7, 2019 (SR-CBOE-2019-027), (SR-CBOE-2019-084); amended December 19, 2019 (SR-CBOE-2019-118); amended September 30, 2020 (SR-CBOE-2020-091); amended October 14, 2020 (SR-CBOE-2020-102)]

Rule 5.2. Unit of Trading

The unit of trading in each series of options traded on the Exchange is the unit of trading established for that series by the Clearing Corporation pursuant to the Rules of the Clearing Corporation and the agreements of the Exchange with the Clearing Corporation.

[Effective October 7, 2019 (SR-CBOE-2019-027)]

Rule 5.3. Bids and Offers

Bids and offers to be effective must either be entered electronically in a form and manner prescribed by the Exchange via Exchange-approved quoting devices or made at the post by public outcry. All bids and offers shall be general ones and shall not be specified for acceptance by particular Trading Permit Holders.

(a) *General.* Except as otherwise provided in this Rule 5.3, bids and offers must be expressed in terms of dollars and decimals per unit of the underlying security or index, as applicable. For example, a bid of "7" represents a bid of $700 for an option contract having a unit of trading consisting of 100 shares of an underlying security, or a bid of $770 for an option contract having a unit of trading consisting of 110 shares of an underlying security.

(b) *Adjusted Options.* Notwithstanding paragraph (a) above, bids and offers for an option contract for which the Clearing Corporation has established an adjusted unit of trading in accordance with Rule 5.7 must be expressed in terms of dollars per 1/100th part of the total securities and/or other property constituting such adjusted unit of trading. For example, an offer of "6" represents an offer of $600 on an option contract having a unit of trading consisting of 100 shares of an underlying security plus 10 rights.

(c) *Mini-options.* Notwithstanding paragraph (a) above, bids and offers for an option contract overlying 10 shares must be expressed in terms of dollars per 1/10th part of the total value of the

contract. For example, an offer of "0.50" represents an offer of $5.00 for an option contract having a unit of trading consisting of 10 shares.

(d) *Bids and Offers in Relation to Unit of Trading.* Except as otherwise provided in the Rules, a bid or offer is deemed to be for one option contract unless a User expresses a specific number of contracts in the bid or offer. A bid or offer for more than one option contract is deemed to be for the number of or fewer option contracts stated in the bid or offer, except:

(1) an AON or FOK bid or offer is deemed to be for only the number of option contracts stated in the bid or offer; and

(2) a Minimum Quantity bid or offer is deemed to be for the number, or a smaller number at least equal to the specified minimum quantity, of option contracts stated in the bid or offer.

(e) *Other Options.* Notwithstanding paragraphs (a) through (c) above:

(1) Cash Spread Orders. Bids and offers for complex orders represented as cash spread orders may be expressed as set forth in Rule 5.85(f).

(2) *Corporate Debt Security Options.* Bids and offers for Corporate Debt Security options must be expressed in points where one point equals $1,000.

(3) *FLEX Options*. Bids and offers for FLEX Options must be expressed in (A) U.S. dollars and decimals, if the exercise price for the FLEX Option series is a fixed price, or (B) a percentage, if the exercise price for the FLEX Option series is a percentage of the closing value of the underlying equity security or index on the trade date, per unit of the underlying security or index, as applicable. The System rounds bids and offers to the nearest minimum increment.

(4) *Credit Options.* Bids and offers for Credit options must be expressed in terms of dollars per the contract multiplier unit. For example, a bid of "7" represents a bid of $7,000 for a Credit option with a specified contract multiplier of 1,000.

(5) *Government Security Options.* Bids and offers for Government Security options must be expressed in thirty-seconds of a point (one point being equal to one percent of the principal amount of the underlying security), unless the Exchange determines a different fraction of a point for all Government Securities options or a Government Security option of a particular series.

(6) *Interest Rate Options.* Bids and offers for Interest Rate options must be expressed in terms of dollars and decimals per unit of the measure. For example, a bid of 4.50 represents a bid of $4.50 per unit.

[Effective October 7, 2019 (SR-CBOE-2019-027, (SR-CBOE-2019-042), (SR-CBOE-2019-084), (SR-CBOE-2019-095)]

Rule 5.4. Minimum Increments for Bids and Offers

(a) *Simple Orders for Equity and Index Options.* The minimum increments for bids and offers on simple orders for equity and index options are as follows:

Class	Increment	Series Trading Price
Class Not Participating in Penny Interval Program (including all series of VIX options if the Exchange does not list VIX on a group basis pursuant to Rule 4.13) and series of VIX Options not listed under the Nonstandard Expirations Pilot Program (if the Exchange lists VIX on a group basis pursuant to Rule 4.13)	$0.05	Lower than $3.00
	$0.10	$3.00 and higher
Class Participating in Penny Interval Program	$0.01	Lower than $3.00
	$0.05	$3.00 and higher
QQQs, IWM, and SPY, and Mini-SPX Index Options (XSP) (as long as SPDR options (SPY) participate in the Penny Interval Program)	$0.01	All prices
Series of VIX Options listed under the Nonstandard Expirations Pilot Program (if the Exchange lists VIX on a group basis pursuant to Rule 4.13)	$0.01	All prices
Options on the Dow Jones Industrial Average (DJX), as long as Diamonds options (DIA) participate in the Penny Interval Program	$0.01	Lower than $3.00
	$0.05	$3.00 and higher
Mini-Options	Same as permitted for standard options on the same security	

(b) *Complex Orders.* Except as provided in Rule 5.33, the minimum increment for bids and offers on complex orders with any ratio equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00) for equity and index options, and for Index Combo orders, is $0.01 or greater, which may be determined by the Exchange on a class-by-class basis, and the legs may be executed in $0.01 increments. The minimum increment for bids and offers on complex orders with any ratio less than one-to-three (.333) or greater than three-to-one (3.00) for equity and index options (except for Index Combo orders) is the standard increment for the class pursuant to paragraph (a), and the legs may be executed in the minimum increment applicable to the class pursuant to paragraph (a). Notwithstanding the foregoing, the minimum increment for bids and offers on complex orders in options on the S&P 500 Index (SPX) or on the S&P 100 Index (OEX and XEO), except for box/roll

spreads, is $0.05 or greater, or in any increment, which may be determined by the Exchange on a class-by-class basis.

(c) *Other Options.* Notwithstanding paragraph (a) and (b) above, the minimum increment for the following types of options is as follows:

(1) *Binary Options.* The Exchange establishes the minimum increment for bids and offers on orders for binary options on a class-by-class basis, which may not be less than $0.01.

(2) *Corporate Debt Security Options.* The minimum increment for bids and offers on orders for Corporate Debt Security options is 0.05 (which is the equivalent of $50), unless the Exchange determines another minimum increment for all Corporate Debt Security options or a Corporate Debt Security option of a particular series.

(3) *Credit Options.* The Exchange establishes the minimum increment for bids and offers on both simple and complex orders for Credit Options (including Credit Default Options and Credit Default Basket Options) on a class-by-class basis, which may not be less than $0.01.

(4) *FLEX Options.* The Exchange determines the minimum increment for bids and offers on FLEX Options on a class-by-class basis, which may not be smaller than (A) $0.01, if the exercise price for the FLEX Option series is a fixed price, or (B) 0.01%, if the exercise price for the FLEX Option series is a percentage of the closing value of the underlying equity security or index on the trade date. The System rounds bids and offers to the nearest minimum increment.

(5) *Government Security Options.* The minimum increment for bids and offers on Government Security options is one thirty-second of a point (one point being equal to one percent of the principal amount of the underlying security), unless the Exchange determines another minimum increment for all Government Securities options or a Government Security option of a particular series.

(6) *Interest Rate Options*. There is no minimum increment for bids and offers on Interest Rate options.

(d) *Requirements for Penny Interval Program*. The Exchange will list option classes for the Penny Interval Program ("Penny Program") with minimum quoting requirements ("penny increments") of one cent ($0.01) and five cents ($0.05), as set forth in paragraph (a) above. The list of the option classes included in the Penny Program will be announced by the Exchange pursuant to Rule 1.5 and published by the Exchange on its website.

(1) *Initial Selection*. On the first trading day of the third full calendar month after April 1, 2020, the Penny Program will apply only to the 363 most actively traded multiply listed option classes, based on OCC's National Cleared Volume in the six full calendar months ending in the month of approval, that (i) currently quote in penny increments, or (ii) overlie securities priced below $200, or any index at an index level below $200. Eligibility for inclusion in the Penny Program will be determined at the close of trading on the monthly Expiration Friday of the second full month following April 1, 2020.

(2) *Annual Review*. Commencing in December 2020 and each December thereafter, OCC will rank all multiply listed option classes based on National Cleared Volume for the six full calendar months from June 1 through November 30 for determination of the most actively traded option classes.

(A) Addition to the Penny Program. Based on the Annual Review, any option class not in the Penny Program that is among the 300 most actively traded multiply listed option classes overlying securities priced below $200, or an index at an index level below $200, will be added to the Penny Program on the first trading day of January.

(B) Removal from the Penny Program. Except as provided in subparagraphs (d)(3) – (6) below, based on the Annual Review, any option class in the Penny Program that falls outside the 425 most actively traded multiply listed option classes will be removed from the Penny Program on the first trading day of April.

(3) *Newly listed Option Classes*. The Exchange may add to the Penny Program a newly listed option class provided that (i) it is among the 300 most actively traded multiply listed option classes, as ranked by National Cleared Volume at OCC, in its first full calendar month of trading and (ii) the underlying security is priced below $200 or the underlying index is at an index level below $200. Any option class added under this provision will be added on the first trading day of the month after it qualifies and will remain in the Penny Program for one full calendar year, after which it will be subject to the Annual Review stated in subparagraph (d)(2) above.

(4) *Classes with Significant Growth in Activity*. The Exchange may add any option class to the Penny Program, provided that (i) it is among the 75 most actively traded multiply listed option classes, as ranked by National Cleared Volume at OCC, in the past six full calendar months of trading and (ii) the underlying security is priced below $200 or the underlying index is at an index level below $200. Any option class added under this provision will be added on the first trading day of the second full month after it qualifies and will remain in the Penny Program for the rest of the calendar year, after which it will be subject to the Annual Review stated in subparagraph (d)(2) above.

(5) *Corporate Actions*. If a corporate action involves one or more option classes in the Penny Program, all adjusted and unadjusted series of the option class will be included in the Penny Program. Any new option class added to the Penny Program under this provision will remain in the Penny Program for at least one full calendar year, after which it will be subject to the Annual Review stated in subparagraph (d)(2) above.

(6) *Delisted or Ineligible Option Classes*. Any series in an option class participating in the Penny Program in which the underlying security has been delisted, or are identified by OCC as ineligible for opening customer transactions, will continue to quote pursuant to the terms of the Penny Program until all such options have expired.

Interpretations and Policies

.01 For purposes of this Rule 5.4, "box/roll spread" or "box spread" means an aggregation of positions in a long call option and short put option with the same exercise price ("buy side")

coupled with a long put option and short call option with the same exercise price ("sell side") all of which have the same aggregate current underlying value, and are structured as either: (a) a "long box spread" in which the sell side exercise price exceeds the buy side exercise price or (b) a "short box spread" in which the buy side exercise price exceeds the sell side exercise price.

[Effective October 7, 2019 (SR-CBOE-2019-027), (SR-CBOE-2019-042), (SR-CBOE-2019-084); amended December 10, 2019 (SR-CBOE-2019-119); amended December 19, 2019 (SR-CBOE-2019-118); amended December 19, 2019 (SR-CBOE-2019-126); amended June 11, 2020 (SR-CBOE-2020-054)]

Rule 5.5. System Access and Connectivity

(a) *Access and Connections.* Only authorized Users and associated persons of Users may establish connectivity to and access the Exchange to submit orders and quotes and enter auction responses in accordance with the Exchange's System access procedures, technical specifications, and requirements. Users may only directly access the System from a jurisdiction expressly approved by the Exchange pursuant to Rule 3.5.

(b) *EFIDs.* A Trading Permit Holder may obtain one or more EFIDs from the Exchange (in a form and manner determined by the Exchange). The Exchange assigns an EFID to a Trading Permit Holder, which the System uses to identify the Trading Permit Holder and the clearing number for the execution of orders and quotes submitted to the System with that EFID.

(1) Each EFID corresponds to a single Trading Permit Holder and a single clearing number of a Clearing Trading Permit Holder with the Clearing Corporation.

(2) A Trading Permit Holder may obtain multiple EFIDs, which may be for the same or different clearing numbers. A Trading Permit Holder may only identify for any of its EFIDs the clearing number of a Clearing Trading Permit Holder that is a Designated Give Up or Guarantor of the Trading Permit Holder as set forth in Rule 5.9.

(3) A Trading Permit Holder is able (in a form and manner determined by the Exchange) to designate which of its EFIDs may be used for each of its ports. If a User submits an order or quote through a port with an EFID not enabled for that port, the System cancels or rejects the order or quote.

(c) *Ports.* A User may connect to the Exchange using a logical port available through an API, such as the industry-standard Financial Information eXchange ("FIX") protocol or Binary Order Entry ("BOE") protocol. Users may use multiple logical ports. The term "port" includes the following types of ports:

(1) A "physical port" provides a physical connection to the System. A physical port may provide access to multiple logical ports.

(2) A "logical port" or "logical session" provides Users with the ability within the System to accomplish a specific function through a connection, such as order entry, data receipt, or access to information.

(3) A "bulk port" is a dedicated logical port that provides Users with the ability to submit:

(A) bulk messages, subject to the following:

(i) a bulk message has a Time-in-Force of Day;

(ii) a Market-Maker with an appointment in a class may designate a bulk message for that class as Post Only or Book Only, and a non-appointed Market-Maker must designate a bulk message for that class as Post Only; and

(iii) a Market-Maker may establish a default MTP Modifier of MCN, MCO, or MCB, and a default value of Attributable or Non-Attributable, for a bulk port, each of which applies to all bulk messages submitted to the Exchange through that bulk port;

(B) single orders in the same manner as Users may submit orders to the Exchange through any other type of port, including designated with any Order Instruction and any Time-in-Force in Rule 5.30, except a Market-Maker with an appointment in a class may designate an order for that class submitted through a bulk port only as Post Only or Book Only, and other Users must designate an order for that class submitted through a bulk port as Post Only; and

(C) auction responses (using auction response messages) in the same manner as Users may submit auction responses to the Exchange through any other type of port.

(d) *Mandatory Systems Testing*.

(1) Each Trading Permit Holder that the Exchange designates as required to participate in a system test must conduct or participate in the testing of its computer systems to ascertain the compatibility of such systems with the System in the manner and frequency prescribed by the Exchange. The Exchange will designate Trading Permit Holders as required to participate in a system test based on:

(A) the category of the Trading Permit Holder (e.g. Floor Broker, DPM, Market-Maker);

(B) the computer system(s) the Trading Permit Holder uses; and

(C) the manner in which the Trading Permit Holder connects to the System.

The Exchange will give Trading Permit Holders reasonable notice of any mandatory systems test, which notice will specify the nature of the test and Trading Permit Holders' obligations in participation in the test.

(2) Every Trading Permit Holder required by the Exchange to conduct or participate in testing of computer systems shall provide to the Exchange such reports relating to the testing as the Exchange may prescribe. Trading Permit Holders shall maintain adequate

documentation of tests required by this Rule and results of such testing for examination by the Exchange.

(3) A Trading Permit Holder that is subject to this Rule, and that fails to conduct or participate in the tests, fails to file the required reports, or fails to maintain the required documentation, may be subject to summary suspension or other action taken pursuant to Chapter 12 (Summary Suspension) and/or disciplinary action pursuant to Chapter 13 (Discipline).

[Effective October 7, 2019 (SR-CBOE-2019-027, (SR-CBOE-2019-033), (SR-CBOE-2019-095); amended April 24, 2020 (SR-CBOE-2020-041)]

Rule 5.6. Order Types, Order Instructions, and Times-in-Force

(a) *Availability.* Unless otherwise specified in the Rules or the context indicates otherwise, the Exchange determines which of the following order types, Order Instructions, and Times-in-Force are available on a class, system, or trading session basis. After a class opens for trading pursuant to Rule 5.31, the System accepts for entry into the Book orders and quotes with any Capacity. Rule 5.30 sets forth order types, Order Instructions, and Times-in-Force the Exchange may make available for electronic trading during each trading session. An Order Instruction or Time-in-Force applied to a bulk message applies to each bid and offer within that bulk message. All order types, Order Instructions, and Times-in-Force the Exchange makes available in an All Sessions class for RTH electronic trading are available in that class for GTH electronic trading, except as otherwise specified in the Rules. Rule 5.82 sets forth order types, Order Instructions, and Times-in-Force the Exchange may make available for PAR routing (and open outcry trading). Rule 5.33 sets forth the order types, Order Instructions, and Times-in-Force the Exchange may make available for complex orders.

(b) *Order Types.* An order may be either a limit or market order:

Limit Order

A "limit order" is an order to buy or sell a stated number of option contracts at a specified price or better.

Market Order

A "market order" is an order to buy or sell a stated number of option contracts at the best price available at the time of execution. Bulk messages may not be market orders. Users may not designate a market order as All Sessions.

(c) *Order Instructions.* An "Order Instruction" is a processing instruction a User may apply to an order (multiple instructions may apply to a single order), subject to the restrictions set forth in Rule 6.8(c) with respect to orders and bulk messages submitted through bulk ports and any other

restrictions set forth in the Rules, when entering it into the System for electronic or open outcry processing and includes:

All-or-None or AON

An "All-or-None" or "AON" order is an order to be executed in its entirety or not at all. An AON order may be a market or limit order. Users may not designate an AON order as All Sessions.

(1) The Exchange does not disseminate bids or offers of AON orders to OPRA.

(2) A User may not designate an AON order as Post Only.

(3) An AON limit order is always subject to the Price Adjust process as set forth in Rule 5.32.

(4) A User may apply MCN (as defined below), but no other MTP Modifier (if a User applies any other MTP Modifier to an AON order, the System handles it as an MCN), to an AON order.

(5) The Exchange may restrict the entry of AON orders in a series or class if the Exchange deems it necessary or appropriate to maintain a fair and orderly market.

(6) A User may not designate a bulk message as AON.

All Sessions

An "All Sessions" order (including a bulk message) is an order a User designates as eligible to trade during both GTH and RTH. An unexecuted All Sessions order on the GTH Book at the end of a GTH trading session enters the RTH Queuing Book and becomes eligible for execution during the RTH opening rotation and trading session on that same trading day, subject to a User's instructions. A User may not designate an All Sessions order as Direct to PAR.

Attributable

An "Attributable" order (including a bulk message) is an order a User designates for display (price and size) that includes the User's EFID or other unique identifier.

Book Only

A "Book Only" order is an order the System ranks and executes pursuant to Rule 5.32, subjects to the Price Adjust process pursuant to Rule 5.32, or cancels, as applicable (in accordance with User instructions), without routing away to another exchange. Users may designate bulk messages as Book Only as set forth in Rule 5.5(c). A User may not designate a Book Only order as Direct to PAR.

Cancel Back

A "Cancel Back" order is an order (including a bulk message) a User designates to not be subject to the Price Adjust Process pursuant to Rule 5.32 that the System cancels or rejects (immediately at the time the System receives the order or upon return to the System after being routed away) if displaying the order on the Book would create a violation of Rule 5.67, or if the order cannot otherwise be

executed or displayed in the Book at its limit price. The System executes a Book Only – Cancel Back order against resting orders, and cancels or rejects a Post Only – Cancel Back order, that locks or crosses the opposite side of the BBO. A User may not designate a Cancel Back order as Direct to PAR.

Complex Order

A "complex order" is defined in Rule 1.1. A User may not designate a complex order with a ratio less than one-to-three (.333) or greater than three-to-one (3.00) (except for an Index Combo order) as Electronic Only. See Rule 5.33 for types of complex orders.

Compression or Position Compression Cross ("PCC") Order

A "Compression" or "Position Compression Cross" order is an order in SPX option contracts that may execute without exposure pursuant to Rules 5.32, 5.33, or 5.88 against another Compression order(s) totaling an equal number of option contracts. A Trading Permit Holder may use Compression orders only to reduce the required capital associated with its open SPX positions.

(1) *Procedure.*

(A) In a manner and format and at times determined by the Exchange, of which the Exchange will provide Trading Permit Holders with reasonable, sufficient notice, a Trading Permit Holder may provide the Exchange with a list of open SPX options positions that it would like to close using Compression orders ("compression-list positions"). A Trading Permit Holder may also permit its Clearing Trading Permit Holder(s) to submit a list of these positions to the Exchange on its behalf.

(B) The Exchange will also, for informational purposes, electronically distribute an individualized list of series positions within a strike range determined by the Exchange and multi-leg positions ("individual position file") to each Trading Permit Holder that submitted compression-list positions to the Exchange. For purposes of Compression orders, multi-leg positions include vertical call spreads, vertical put spreads, combos (*i.e.*, purchase (sale) of a call and a sale (purchase) of a put with the same expiration date and strike price), and box spreads. The Exchange will announce the times when the Exchange will send to TPHs the compression-list positions file, of which the Exchange will provide Trading Permit Holders with reasonable, sufficient notice. The individualized position file will include:

(i) a list of single positions within the Exchange-determined price range and possible combinations of offsetting multi-leg positions that are composed of series the individual Trading Permit Holder submitted as part of a compression-list position;

(ii) a unique identification number for each single and multi-leg position ("PID");

(iii) the series that make up the single and multi-leg positions; and

(iv) the offsetting size of the single and multi-leg positions against other Trading Permit Holders (including the name(s) of the Trading Permit Holder(s) with offsetting positions) for which both long and short compression-list positions have been submitted to the Exchange on an individualized basis.

(C) To the extent a Clearing Trading Permit Holder submits compression-list positions with offsetting positions to the Exchange on behalf of a Trading Permit Holder(s), the Exchange will not include those positions on the individual position files the Exchange makes available pursuant to subparagraph (B).

(2) *Minimum Increment and Ratio.* Notwithstanding Rule 5.4, a Compression order may be entered in $0.01 increments, and the legs may execute in $0.01 increments. A Compression order may have any ratio.

(3) *Open/Close.* A Compression order may be comprised of all closing positions or a combination of opening and closing positions as long as it is net position closing or neutral (*i.e.*, the number of contracts in closing positions is larger than or equal to the number of contracts in opening positions). If the contra-side Compression order is comprised of orders from multiple contra-parties, the positions for each contra-party must be net position closing or neutral. Any closing position submitted as part of a Compression order must have been included in a compression-position list submitted to the Exchange.

(4) *Solicitation.* Trading Permit Holders may solicit a Trading Permit Holder or a non-Trading Permit Holder customer or broker-dealer to execute a Compression order against in accordance with the provisions of this Rule and the solicited transaction requirements contained in Rule 5.86. Compression orders executed pursuant to this Rule and otherwise in compliance with the Rules, including, but not limited to Rule 5.86, will not be deemed prearranged trades.

(5) *Exposure.* Rule 5.9 (related to exposure of orders on the Exchange) does not apply to executions of Compression orders.

Default

A "Default" order is an order a User designates for electronic processing, and which order (or unexecuted portion) routes to PAR for manual handling if not eligible for electronic processing.

Delta-Adjusted at Close or DAC

A "Delta-Adjusted at Close" or "DAC" order is an order for which the System delta-adjusts its execution price after the market close.

(1) The delta-adjusted execution price equals the original execution price plus the delta value times the difference between the official closing price or value of the underlying on the transaction date and the reference price or index value of the underlying ("reference price").

(2) Upon order entry for electronic execution, a User must designate a delta value and may designate a reference price. If no reference price is designated, the System will include the price or value, as applicable, of the underlying at the time of order entry as the reference price.

(3) Upon order entry for open outcry execution, a User may designate a delta value and/or a reference price. During the open outcry auction, in-crowd market participants will determine the final delta value and/or reference price, which may differ from any delta value or reference price designated by the submitting User. The final delta value and reference price would be reflected in the final terms of the execution.

A DAC order may only be submitted in options on ETPs and indexes for execution in a FLEX electronic auction or open outcry auction on the Exchange's trading floor pursuant to Rule 5.72. A DAC order submitted for execution in open outcry may only have a Time-in-Force of Day. A User may not designate a DAC order as All Sessions.

Direct to PAR

A "Direct to PAR" order is an order a User designates to be routed directly to a specified PAR workstation for manual handling. A User must designate a Direct to PAR order as RTH Only.

Electronic Only

An "Electronic Only" order is an order a User designates for electronic processing, but does not route to PAR for manual handling if not eligible for electronic processing.

Intermarket Sweep Order or ISO

An "Intermarket Sweep Order" or "ISO" is an order that has the meaning provided in Rule 5.65, which may be executed at one or multiple price levels in the System without regard to Protected Quotations at other options exchanges (*i.e.*, may trade through Protected Quotations). The Exchange relies on the marking of an order by a User as an ISO order when handling such order, and thus, it is the entering User's responsibility, not the Exchange's responsibility, to comply with the requirements relating to ISOs. Users may not designate bulk messages as ISOs. A User may not designate an ISO as Direct to PAR.

Match Trade Prevention (MTP) Modifier

An order marked with any "Match Trade Prevention ("MTP") Modifier" does not execute against a resting opposite side order also marked with an MTP Modifier and originating from the same EFID, Trading Permit Holder identifier, trading group identifier, or Sponsored User identifier (any such identifier, a "Unique Identifier"). Except as described in paragraph (3) below, the MTP Modifier on the incoming order controls the interaction between two orders marked with MTP Modifiers. Subject to the restrictions set forth in Rule 5.6(c) with respect to bulk messages submitted through bulk ports, orders may contain the following MTP modifiers:

(1) MTP Cancel Newest ("MCN"). An incoming order marked with the "MCN" Modifier does not execute against a resting order marked with any MTP Modifier originating from the same Unique Identifier. The System cancels or rejects the incoming order, and the resting

order remains in the Book. Users may designate bulk messages as MCN as set forth in Rule 5.6(c).

(2) MTP Cancel Oldest ("MCO"). An incoming order marked with the "MCO" Modifier does not execute against a resting order marked with any MTP modifier originating from the same Unique Identifier. The System cancels or rejects the resting order and processes the incoming order in accordance with Rule 5.32. Users may designate bulk messages as MCO as set forth in Rule 5.6(c).

(3) MTP Decrement and Cancel ("MDC"). An incoming order marked with the "MDC" Modifier does not execute against a resting order marked with any MTP Modifier originating from the same Unique Identifier. If both orders are equivalent in size, the System cancels or rejects both orders. If the orders are not equivalent in size, the System cancels or rejects the smaller of the two orders and decrements the size of the larger order by the size of the smaller order, which remaining balance remains on the Book or processes in accordance with Rule 5.32, as applicable. Notwithstanding the foregoing, unless a User instructs the Exchange not to do so, the System cancels or rejects both orders if the resting order is marked with any MTP Modifier other than MDC and the incoming order is smaller in size than the resting order. Users may not designate bulk messages as MDC.

(4) MTP Cancel Both ("MCB"). An incoming order marked with the "MCB" Modifier does not execute against a resting order marked with any MTP Modifier originating from the same Unique Identifier. The System cancels or rejects both orders. Users may designate bulk messages as MCB as set forth in Rule 5.6(c).

(5) MTP Cancel Smallest ("MCS"). An incoming order marked with the "MCS" Modifier does not execute against a resting order marked with any MTP Modifier originating from the same Unique Identifier. If both orders are equivalent in size, the System cancels or rejects both orders. If the orders are not equivalent in size, the System cancels or rejects the smaller of the two orders, and the larger order remains on the Book or processes in accordance with Rule 5.32, as applicable. Users may not designate bulk messages as MCS.

Minimum Quantity

A "Minimum Quantity" order is an order that requires a specified minimum quantity of contracts to be executed or is cancelled. Minimum Quantity orders will only execute against multiple, aggregated orders if the executions would occur simultaneously. Only a Book Only order with a Time-in-Force designation of IOC may have a Minimum Quantity instruction (the System disregards a Minimum Quantity instruction on any other order). Users may not designate bulk messages as Minimum Quantity Orders.

Multi-Class Spread

A "Multi-Class Spread Order" is an order or quote to buy a stated number of contracts of a Broad-Based Index Option and to sell an equal number, or an equivalent number, of contracts of a related Broad-Based Index Option. A Multi-Class Spread Order may only execute subject to Rule 5.85(d).

(1) For purposes of a Multi-Class Spread Order, the term "Broad-Based Index Option" means options on the following Broad-Based Indexes, ETFs, and ETNs, as well as any other Broad-Based Index, or any other ETF or ETN derived from a Broad-Based Index, the Exchange determines creates an appropriate hedge with any other Broad-Based Index Option:

Mini-NDX Index (MNX)

Nasdaq-100 Index (NDX)

S&P 100 Index (OEX and XEO)

S&P 500 Index (SPX (including SPXW) and XSP)

Cboe Volatility Index (VIX)

Dow Jones Industrial Average (DJX)

Russell 2000 Index (RUT)

Russell 1000 Index (RUI)

Russell 1000 Value Index (RLV)

Russell 1000 Growth Index (RLG)

MSCI EAFE Index (MXEA)

MSCI Emerging Markets Index (MXEF)

iShares S&P 100 Index ETF (OEF)

Invesco QQQ Trust (QQQ)

iPath S&P 500 VIX Short-Term Futures ETN (VXX)

iPath S&P 500 VIX MT Futures ETN (VXZ)

Standard & Poor's Depositary Receipts S&P 500 ETF (SPY)

Standard & Poor's Depositary Receipts Dow Jones Industrial Average ETF (DIA)

iShares Russell 2000 ETF (IWM)

iShares Russell 1000 ETF (IWB)

iShares Russell 1000 Value ETF (IWD)

iShares Russell 1000 Growth ETF (IWF)

iShares MSCI EAFE ETF (EFA)

iShares MSCI Emerging Markets Index (MXEF)

(2) Multi-Class Spread Orders may be composed of any of the following combinations of Broad-Based Index Options, and any other combination of related Broad-Based Index Options as determined by the Exchange:

MNX, NDX, and QQQ

OEF, OEX, SPX (including SPXW), XSP, and SPY

VIX, VXX, and VXZ

DIA and DJX

IWM and RUT

IWB and RUI

IWD and RLV

IWF and RLG

EFA and MXEA

EEM and MXEF

(3) A User must enter a Multi-Class Spread Order on a single order ticket at time of systemization to be eligible for the procedures and relief set out in Rule 5.85(d).

(4) A User may not designate a Multi-Class Spread Order as Electronic Only.

Non-Attributable

A "Non-Attributable" order (including a bulk message) is an order a User designates for display (price and size) on an anonymous basis or not designated as an Attributable order.

Not Held

A "not held" order is an order marked "not held", "take time" or which bears any qualifying notation giving discretion as to the price or time at which such order is to be executed. An order entrusted to a Floor Broker will be considered a not held order, unless otherwise specified by a Floor Broker's client

or the order was received by the Exchange electronically and subsequently routed to a Floor Broker or PAR Official pursuant to the User's instructions. A User may not designate a not held order as Electronic Only.

Penny Cabinet

A "Penny Cabinet" order is defined in Rule 5.85(h).

Post Only
A "Post Only" order is an order the System ranks and executes pursuant to Rule 5.32, subjects to the Price Adjust process pursuant to Rule 5.32, or cancels or rejects (including if it is not subject to the Price Adjust process and locks or crosses a Protected Quotation of another exchange), as applicable (in accordance with User instructions), except the order or quote may not remove liquidity from the Book or route away to another Exchange. Users may designate bulk messages as Post Only as set forth in Rule 5.5(c). A User may not designate a Post Only order as Direct to PAR.

Price Adjust
A "Price Adjust" order (including a bulk message) is an order a User designates to be subject to the Price Adjust process pursuant to Rule 5.32 or not designated as Cancel Back. A User may not designate a Price Adjust order as Direct to PAR.

Qualified Contingent Cross or QCC
A "Qualified Contingent Cross" or "QCC" Order is comprised of an originating order to buy or sell at least 1,000 standard option contracts (or 10,000 mini-option contracts) that is identified as being part of a qualified contingent trade ("QCT") coupled with a contra-side order or orders totaling an equal number of contracts. If a QCC Order has more than one option leg (a "Complex QCC Order"), each option leg must have at least 1,000 standard option contracts (or 10,000 mini-option contracts). See Rule 5.33 for a definition of a QCC with Stock Order. For purposes of this order type:

(1) *QCT Trade.* A QCT is a transaction consisting of two or more component orders, executed as agent or principal, where:

(A) at least one component is an NMS stock, as defined in Rule 600 of Regulation NMS under the Exchange Act;

(B) all components are effected with a product or price contingency that either has been agreed to by all the respective counterparties or arranged for by a broker-dealer as principal or agent;

(C) the execution of one component is contingent upon the execution of all other components at or near the same time;

(D) the specific relationship between the component orders (e.g., the spread between the prices of the component orders) is determined by the time the contingent order is placed;

(E) the component orders bear a derivative relationship to one another, represent different classes of shares of the same issuer, or involve the securities of participants in mergers or with intentions to merge that have been announced or cancelled; and

(F) the transaction is fully hedged (without regard to any prior existing position) as a result of other components of the contingent trade.

(2) *Execution of QCC Orders.*

(A) A QCC Order with one option leg may execute automatically upon entry without exposure if the execution price: (i) is not at the same price as a Priority Customer order resting in the Book; and (ii) is at or between the NBBO. Rule 5.9 (related to exposure of orders on the Exchange) does not apply to QCC orders (including Complex QCC Orders).

(B) A Complex QCC Order may execute automatically on entry without exposure if: (i) each option leg executes at a price that complies with Rule 5.33(f)(2), provided that no option leg executes at the same price as a Priority Customer Order in the Simple Book; (ii) each option leg executes at a price at or between the NBBO for the applicable series; and (iii) the execution price is better than the price of any complex order resting in the COB, unless the Complex QCC Order is a Priority Customer Order and the resting complex order is a non-Priority Customer Order, in which case the execution price may be the same as or better than the price of the resting complex order.

(C) A QCC Order (including a Complex QCC Order) is cancelled if it cannot execute.

(3) *Minimum Increments.* A QCC Order with one option leg may only be entered in the standard increment applicable to the option class under Rule 5.4(a). A Complex QCC Order may be entered in the increments applicable to complex orders under Rule 5.4(b).

(4) A User may not designate a QCC Order (including a Complex QCC Order) as Direct to PAR. A User may not designate a bulk message as a QCC Order.

Reserve Order

A "Reserve Order" is a limit order with both a portion of the quantity displayed ("Display Quantity") and a reserve portion of the quantity ("Reserve Quantity") not displayed. Both the Display Quantity and Reserve Quantity of the Reserve Order are available for potential execution against incoming orders. When entering a Reserve Order, a User must instruct the Exchange as to the quantity of the order to be initially displayed by the System ("Max Floor"). If the Display Quantity of a Reserve Order is fully executed, the System will, in accordance with the User's instruction, replenish the Display Quantity from the Reserve Quantity using one of the below replenishment instructions. If the remainder of an order is less than the replenishment amount, the System will display the entire remainder of the order. The System creates a new timestamp for both the Display Quantity and Reserve Quantity of the order each time it is replenished from reserve. Users may not designate bulk messages as Reserve Orders. A User may not designate a Reserve Order as Direct to PAR.

(1) Random Replenishment. An instruction that a User may attach to an order with Reserve Quantity where the System randomly replenishes the Display Quantity for the order with a number of contracts not outside a replenishment range, which equals the Max Floor plus and minus a replenishment value established by the User when entering a Reserve Order with a Random Replenishment instruction.

(2) Fixed Replenishment. For any order for that a User does not select Random Replenishment, the System will replenish the Display Quantity of an order with the number of contracts equal to the Max Floor.

RTH Only

An "RTH Only" order is an order (including a bulk message) a User designates as eligible to trade only during RTH or not designated as All Sessions. An unexecuted RTH Only order with a Time-in-Force of GTC or GTD on the RTH Book at the end of an RTH trading session enters the RTH Queuing Book and becomes eligible for execution during the RTH opening rotation and trading session on the following trading day (but not during the GTH trading session on the following trading day), subject to a User's instructions.

SPX Combo Order

An "SPX Combo Order" is an order to purchase or sell one or more SPX option series and the offsetting number of SPX combinations defined by the delta.

(1) For purposes of an SPX Combo Order:

(A) An "SPX combination" is a purchase (sale) of an SPX call and a sale (purchase) of an SPX put with the same expiration date and strike price.

(B) A "delta" is the positive (negative) number of SPX combinations that must be sold (bought) to establish a market neutral hedge with one or more SPX option series.

(2) An SPX Combo Order may only execute pursuant to Rule 5.85(e).

(3) An SPX Combo Order for 12 legs or fewer must be entered on a single order ticket at time of systemization. If permitted by the Exchange, an SPX Combo Order for more than 12 legs may be represented or executed as a single SPX Combo Order in accordance with Rule 5.85(e) if it is split across multiple order tickets and the Trading Permit Holder representing the SPX Combo Order uses the fewest order tickets necessary to systematize the order and identifies for the Exchange the order tickets that are part of the same SPX Combo Order.

(4) A User may not designate an SPX Combo Order as Electronic Only.

Stop (Stop-Loss)

A "Stop (Stop-Loss)" order is an order to buy (sell) that becomes a market order when the consolidated last sale price (excluding prices from complex order trades if outside of the NBBO) or NBB (NBO) for a particular option contract is equal to or above (below) the stop price specified by

the User. Users may not designate a Stop Order as All Sessions. Users may not designate bulk messages as Stop Orders. A User may not designate a Stop order as Direct to PAR.

Stop-Limit

A "Stop-Limit" order is an order to buy (sell) that becomes a limit order when the consolidated last sale price (excluding prices from complex order trades if outside the NBBO) or NBB (NBO) for a particular option contract is equal to or above (below) the stop price specified by the User. A User may not designate a Stop-Limit Order as All Sessions. Users may not designate bulk messages as Stop-Limit Orders. A User may not designate a Stop-Limit order as Direct to PAR.

Sub-Penny Cabinet

A "Sub-Penny Cabinet" order is defined in Rule 5.85(h).

(d) *Time-in-Force.* A "Time-in-Force" means the period of time the System holds an order or quote, subject to the restrictions set forth in paragraph (j) below with respect to bulk messages submitted through bulk ports, for potential execution. Unless otherwise specified in the Rules or the context indicates otherwise, the Exchange determines which of the following Times-in-Force are available on a class, system, or trading session basis. Rule 5.33 sets forth the Times-in-Force the Exchange may make available for complex orders.

Day

The term "Day" means, for an order so designated, an order or quote that, if not executed, expires at the RTH market close. All bulk messages have a Time in Force of DAY, as set forth in Rule 5.5(c).

Fill-or-Kill and FOK

The terms "Fill-or-Kill" and "FOK" mean, for an order so designated, an order that must execute in its entirety as soon as the System receives it and, if not so executed, is cancelled. The System considers an FOK order to be an AON order. Users may not designate bulk messages as FOK. A User may not designate an FOK order as Direct to PAR.

Good-til-Cancelled and GTC

The terms "Good-til-Cancelled" and "GTC" mean, for an order so designated, if after entry into the System, the order is not fully executed, the order (or unexecuted portion) remains available for potential display or execution (with the same timestamp) unless cancelled by the entering User, or until the option expires, whichever comes first. Users may not designate bulk messages as GTC.

Good-til-Date and GTD

The terms "Good-til-Date" and "GTD" mean, for an order so designated, if after entry into the System, the order is not fully executed, the order (or unexecuted portion) remains available for potential display or execution (with the same timestamp) until a date and time specified by the entering User unless cancelled by the entering User. Users may not designate bulk messages as GTD. A User may not designate a GTD order as Direct to PAR.

Immediate-or-Cancel and IOC

The terms "Immediate-or-Cancel" and "IOC" mean, for an order so designated, a limit order that must execute in whole or in part as soon as the System receives it; the System cancels and does not post to the Book an IOC order (or unexecuted portion) not executed immediately on the Exchange or another options exchange. Users may not designate bulk messages as IOC. A User may not designate an IOC order as Direct to PAR.

Limit-on-Close and LOC

The terms "Limit-on-Close" and "LOC" mean, for an order so designated, a limit order that may not execute on the Exchange until three minutes prior to RTH market close. At that time, the System enters LOC orders into the Book in time sequence (based on the times at which the System initially received them), where they may be processed in accordance with Rule 5.32. The System cancels an LOC order (or unexecuted portion) that does not execute by the RTH market close. Users may not designate an LOC order as All Sessions. Users may not designate bulk messages as LOC. A User may not designate an LOC order as Direct to PAR.

Market-on-Close and MOC

The terms "Market-on-Close" and "MOC" mean, for an order so designated, a market order that may only execute on the Exchange no earlier than a specified amount of time (which may be no more than five minutes) prior to the RTH market close. The System cancels an MOC order (or unexecuted portion) that does not execute by the RTH market close. Users may not designate bulk messages as MOC. A User may not designate an MOC order as Direct to PAR.

OPG or At the Open

The terms "OPG" and "At the Open" mean, for an order so designated, an order that may only participate in the Opening Process on the Exchange. The System cancels an OPG order (or unexecuted portion) that does not execute during the Opening Process. Users may not designate bulk messages as OPG. A User may not designate an OPG order as Direct to PAR.

[Effective October 7, 2019 (SR-CBOE-2019-027, (SR-CBOE-2019-033), (SR-CBOE-2019-042), (SR-CBOE-2019-058), (SR-CBOE-2019-095); amended December 19, 2019 (SR-CBOE-2019-118); amended December 19, 2019 (SR-CBOE-2019-126); amended October 14, 2020 (SR-CBOE-2020-074); amended November 3, 2020 (SR-CBOE-2020-014)]

Rule 5.7. Entry of Orders and Quotes

Users can enter orders and quotes into the System, or cancel previously entered orders and quotes, from 2:00 a.m. Eastern Time until Regular Trading Hours market close, subject to the following requirements and conditions:

(a) Users may transmit to the System multiple orders and quotes at a single price level or multiple price levels. However, a User may only enter one bid and one offer for a series per EFID per bulk port.

(b) Each order and quote a User submits to the Exchange must contain the minimum information identified in the Exchange's technical specifications.

(c) The System timestamps an order or quote upon receipt, which determines the time ranking of the order or quote for purposes of processing the order or quote.

(d) For each System Security, the System transmits to OPRA for display the aggregate size of all orders and quotes in the System eligible for display at the best price to buy and sell.

(e) After Regular Trading Hours market close, Users may cancel orders and quotes with Time-in-Force of GTC or GTD that remain on the Book until 4:45 p.m. Eastern Time.

(f) Except as provided below, each order, cancellation of, or change to an order transmitted to the Exchange must be "systematized" in a format approved by the Exchange, either before it is sent to the Exchange or upon receipt on the Exchange's trading floor. An order is systematized if (1) the order is sent electronically to the Exchange or (2) the order that is sent to the Exchange non-electronically (e.g., telephone orders) is input electronically into the Exchange's systems contemporaneously upon receipt on the Exchange, and prior to representation of the order.

(1) With respect to non-electronic, market and marketable orders sent to the Exchange, the Trading Permit Holder responsible for systematizing the order must input into the Exchange's systems at least the following specific information with respect to the order prior to the representation of the order:

(A) the option symbol;

(B) the expiration month;

(C) the expiration year;

(D) the strike price;

(E) buy or sell;

(F) call or put;

(G) the number of contracts; and

(H) the Clearing Trading Permit Holder.

Any additional information with respect to the order must be input into the Exchange's systems contemporaneously upon receipt, which may occur after the representation and execution of the order.

(2) In the event of a malfunction or disruption of the Exchange's systems such that a Trading Permit Holder is unable to systematize an order, the Trading Permit Holder or TPH organization must follow the procedures described below during the time period that the malfunction or disruption occurs.

(A) Upon the cessation of the malfunction or disruption, the Trading Permit Holder must immediately resume systematizing orders. In addition, the Trading Permit Holder must exert best efforts to input electronically into the Exchange's systems all relevant order information received during the time period when there was a malfunction or disruption of the Exchange's systems as soon as possible, and in any event shall input such data electronically into the Exchange's systems not later than the close of business on the day that the malfunction or disruption ceases.

(B) If, following a malfunction or disruption, the Exchange's systems were to become available for the systemization of orders after the close of business, the Trading Permit Holder would be expected to input electronically into the Exchange's systems all relevant order information received during the malfunction or disruption on the next business day.

(C) With respect to orders received during a malfunction or disruption of the Exchange's systems:

(i) Each order transmitted to the Exchange must be recorded legibly in a written form that has been approved by the Exchange, and the Trading Permit Holder receiving such order must record the time of its receipt on the floor and legibly record the terms of the order, in written form.

(ii) Each cancellation of, or change to, an order that has been transmitted to the floor must be recorded legibly in a written form that has been approved by the Exchange, and the Trading Permit Holder receiving such cancellation or change must record the time of its receipt on the floor.

(3) A Trading Permit Holder transmitting from the floor a report of the execution of an order must record the time at which a report of such execution is received by such Trading Permit Holder.

(4) Complex orders of 12 legs or less (one leg of which may be for an underlying security or security future, as applicable) must be entered on a single order ticket at time of systemization. If permitted by the Exchange (which the Exchange will announce by Regulatory Circular), complex orders of more than 12 legs (one leg of which may be for an underlying security or security future, as applicable) may be split across multiple order tickets, if the Trading Permit Holder representing the complex order uses the fewest order tickets necessary to systematize the order and identifies for the Exchange the order tickets that are part of the same complex order (in a form and manner prescribed by the Exchange).

Interpretations and Policies

.01 Any Trading Permit Holder desiring to use an order form other than those provided by the Exchange must submit such form to the Exchange and obtain its approval prior to using such form on the Floor. When approving an order form other than those provided by the Exchange, the Exchange must ensure that the form complies with COATS.

.02 The use of hand signal communications on the Exchange's trading floor may be used to initiate an order, to increase or decrease the size of an order, to change an order's limit price, to cancel an order, or to activate a market order. Any initiation, cancellation, or change of an order relayed to a Floor Broker through the use of hand signals also must be systematized in accordance with paragraph (f) of this Rule. All other Rules applicable to order preparation and retention, and reporting duties are applicable to orders under this Interpretation and Policy .02, except that the record-keeping obligation lies with the Trading Permit Holder signaling the order where a hand signal is used.

.03 Any proprietary system approved by the Exchange on the Exchange's trading floor that receives orders will be considered an Exchange system for purposes of paragraph (f)(1) of this Rule. Any proprietary system approved by the Exchange shall have the functionality to comply with the requirements of COATS.

.04 Each order transmitted by a Market-Maker while on the Exchange's trading floor, including any cancellation of or change to such order, must be systematized in accordance with the procedures described in paragraph (f) of this Rule, as applicable.

[Effective October 7, 2019 (SR-CBOE-2019-033), (SR-CBOE-2019-058), (SR-CBOE-2019-084)]

Rule 5.8. Incoming Orders

Upon receipt of an incoming buy (sell) order eligible, subject to a User's instructions (as set forth in 5.6) and applicable price protections and risk controls (as set forth in Rule 5.34):

(a) If the order is eligible for electronic processing and marketable against the Exchange best offer (bid), which is at or better than the NBO (NBB), the System automatically executes the order against sell (buy) orders and quotes resting on the Book at the Exchange best offer (bid) pursuant to Rule 5.32.

> (1) If there is any remaining portion of the incoming order that is marketable against the revised Exchange best offer (bid), which is at or better than the then-existing NBO (NBB), the System executes the remaining portion against the sell (buy) orders and quotes on the Book comprising the revised Exchange best offer (bid).
>
> (2) This may occur at multiple price levels.

(b) If the order (or any remaining portion of the order pursuant to subparagraph (1)) is eligible for electronic processing and marketable against the Exchange best offer (bid), which at worse than the NBO (NBB), or not marketable against the Exchange best offer (bid) but marketable against the ABO (ABB), the System submits the order (or remaining portion) to a SUM auction pursuant to Rule 5.35 or cancels the order if not eligible for SUM.

(c) If the order (or any remaining portion of the order pursuant to subparagraph (1)) is eligible for electronic processing and not marketable against the Exchange best offer (bid) or the NBO (NBB), the System enters the order (or remaining portion) into the Book or cancels the order if not eligible to rest in the Book.

(d) If the order is not eligible for electronic processing, the System routes the order to PAR for manual handling.

[Effective October 7, 2019 (SR-CBOE-2019-042)]

Rule 5.9. Order Exposure

(a) *Principal Orders.* Trading Permit Holders may not execute as principal orders they represent as agent unless:

(1) the TPH first exposes the agency order on the System for at least one second;

(2) the TPH has been bidding and offering for at least one second prior to receiving an agency order that is executable against such bid or offer; or

(3) the TPH crosses the principal order and agency order pursuant to Rule 5.37, 5.38, or 5.87.

Agency orders priced in penny increments are deemed "exposed" pursuant to subparagraph (1), and principal orders priced in penny increments are deemed bids and offers pursuant to subparagraph (2).

(b) *Solicited Orders.* Trading Permit Holders must expose orders they represent as agent for at least one second before such orders may, in whole or in part, execute electronically against TPHs and non-TPH broker-dealers on the System. Agency orders priced in penny increments are deemed "exposed" pursuant to this paragraph (b).

(c) *Reserve Orders.* The Reserve Quantity of a Reserve Order satisfies the exposure requirement in paragraph (a) or (b) if the Displayed Quantity of the Reserve Order is displayed at its displayable price for at least one second.

[Effective October 7, 2019 (SR-CBOE-2019-033), (SR-CBOE-2019-042)]

Rule 5.10. Give Up of Clearing TPH

(a) *General*. For each transaction in which a Trading Permit Holder participates, the Trading Permit Holder must immediately give up the name of the Clearing Trading Permit Holder through which the transaction will be cleared ("give up"). The Clearing Trading Permit Holder that is named as the give up for a transaction must hold a Trading Permit for the trading session in which the transaction occurred. The Clearing Trading Permit Holder that is given up must be a Designated Give Up or a Guarantor of the Trading Permit Holder as set forth in paragraph (b) below. Clearing Trading Permit Holders may elect to Opt In, as defined and described in paragraph (c) below, and restrict one or more of its OCC number(s) ("Restricted OCC Number"). A Trading Permit Holder may give up a Restricted OCC Number provided the Trading Permit Holder has written authorization as described in paragraph (c)(2) below ("Authorized Trading Permit Holder") and provided the Restricted OCC Number belongs to a Designated Give Up of the Trading Permit Holder.

(b) *Designated Give Ups*.

(1) *Definition of Designated Give Up*. For purposes of this Rule, a "Designated Give Up" of a Trading Permit Holder shall refer to a Clearing Trading Permit Holder which has been identified to the Exchange by that Trading Permit Holder as a Clearing Trading Permit Holder that the Trading Permit Holder would like the ability to give up and which has been processed by the Exchange as a Designated Give Up.

(2) *Definition of Guarantor*. For purposes of this Rule, a "Guarantor" of an executing Trading Permit Holder shall refer to a Clearing Trading Permit Holder that has issued a Letter of Guarantee or Letter of Authorization for the executing Trading Permit Holder under the Rules of the Exchange that is in effect at the time of the execution of the applicable trade.

(3) *Identification of Designated Give Up*. Every Trading Permit Holder (other than a Market-Maker) must identify, in a form and manner prescribed by the Exchange and in advance of giving up any Clearing Trading Permit Holder that is not a Guarantor for the Trading Permit Holder, any Designated Give Ups. A Trading Permit Holder shall only give up (i) a Clearing Trading Permit Holder that has previously been identified and processed by the Exchange as a Designated Give Up for that Trading Permit Holder, provided that the Designated Give Up has not Opted In, or provided that the Trading Permit Holder is an Authorized Trading Permit Holder of that Designated Give Up, or (ii) a Guarantor for that Trading Permit Holder.

(4) *Non Market-Makers*. Any Trading Permit Holder (other than a Market-Maker) may designate, pursuant to subparagraph (b)(3) above, any Clearing Trading Permit Holder other than its Guarantor, as a Designated Give Up.

(5) *Market-Makers*. For each transaction in which a Market-Maker participates, a Guarantor of the Market-Maker shall be the Clearing Trading Permit Holder through which the transaction will be cleared.

(6) *Guarantors*. A Guarantor for a Trading Permit Holder will be enabled to be given up for that Trading Permit Holder without any further action by the Clearing Trading Permit Holder or Trading Permit Holder.

(7) *Removal of Designated Give Up*. If a Trading Permit Holder (other than a Market-Maker) no longer wants the ability to give up a particular Designated Give Up, the Trading Permit Holder must notify the Exchange, in a form and manner prescribed by the Exchange.

(c) *Opt In*. Clearing Trading Permit Holders may request the Exchange restrict one or more of their OCC clearing numbers ("Opt In") as described in subparagraph (c)(1) below. If a Clearing Trading Permit Holder Opts In, the Exchange will require written authorization from the Clearing Trading Permit Holder permitting a Trading Permit Holder to give up a Clearing Trading Permit Holder's Restricted OCC Number. An Opt In would remain in effect until the Clearing Trading Permit Holder terminates the Opt In as described in subparagraph (c)(3) below. If a Clearing Trading Permit Holder does not Opt In, that Clearing Trading Permit Holder's OCC number would be subject to give up by any TPH organization.

(1) *Clearing Trading Permit Holder Process to Opt In*. A Clearing Trading Permit Holder may Opt In by sending a completed "Clearing Trading Permit Holder Restriction Form" listing all Restricted OCC Numbers and Authorized Trading Permit Holders. A Clearing Trading Permit Holder may elect to restrict one or more OCC clearing numbers that are registered in its name at OCC. The Clearing Trading Permit Holder would be required to submit the Clearing Trading Permit Holder Restriction Form to the Exchange's Membership Department as described on the form. Once submitted, the Exchange requires ninety days before a Restricted OCC Number is effective within the System.

(2) *TPH Organization Give Up Process for Restricted OCC Numbers*. A TPH organization desiring to give up a Restricted OCC Number must become an Authorized TPH. The Clearing Trading Permit Holder will be required to authorize a TPH organization as described in subparagraph (c)(1) or (c)(3), unless the Restricted OCC Number is already subject to a Letter of Guarantee that the TPH organization is a party to.

(3) *Amendments to Authorized TPHs or Restricted OCC Numbers*. A Clearing Trading Permit Holder may amend its Authorized TPHs or Restricted OCC Numbers by submitting a new Clearing Trading Permit Holder Restriction Form to the Exchange's Membership Department indicating the amendment as described on the form. Once a Restricted OCC Number is effective within the System pursuant to subparagraph (c)(1) above, the Exchange may permit the Clearing Trading Permit Holder to authorize, or remove authorization for, a TPH organization to Give Up the Restricted OCC Number intra-day only in unusual circumstances, and on the next business day in all regular circumstances. The Exchange will promptly notify TPH organizations if they are no longer authorized to give up a Clearing Trading Permit Holder's Restricted OCC Number. If a Clearing Trading Permit Holder removes a Restricted OCC Number, any TPH organization may give up that OCC clearing number once the removal has become effective on or before the next business day, provided that the TPH organization has identified the Clearing Trading Permit Holder as a Designated Give Up.

(d) *System*. The Exchange's trading systems shall only accept orders which identify an effective Designated Give Up or a Guarantor. For any Restricted OCC Number, the Exchange's trading systems will only accepts orders for that number from an Authorized Trading Permit Holder that has also designated that Clearing Trading Permit Holder as a Designated Give Up.

(e) *Notice*. The Exchange shall notify a Clearing Trading Permit Holder, in writing and as soon as practicable, of each Trading Permit Holder that has identified the Clearing Trading Permit Holder a Designated Give Up pursuant to subparagraph (b)(3) above. The Exchange shall notify a Trading Permit Holder, in writing and as soon as practicable, of each Clearing Trading Permit Holder that has identified the Trading Permit Holder as an Authorized TPH pursuant to subparagraph (c) above.

(f) *Other Give Up Changes*.

(1) *Give Up Changes Made by Executing Trading Permit Holders*. If the executing Trading Permit Holder has the ability through an Exchange system to do so, the Trading Permit Holder may change the give up on the trade to another Designated Give Up, provided it's

an Authorized TPH for any Restricted OCC Number, or to its Guarantor. The ability of an executing Trading Permit Holder to make any give up change shall end at the trade input cutoff time established by the Clearing Corporation (or fifteen minutes thereafter if the Exchange receives and is able to process a request to extend its time of final trade submission to the Clearing Corporation)("Trade Date Cutoff Time").

(2) *Give Up Changes Made by Designated Give Ups to Affiliates and Back Office Agents*. If a Designated Give Up has the ability through an Exchange system to do so, the Designated Give Up may change the give up on a trade to (i) another Clearing Trading Permit Holder affiliated with the Designated Give Up or (ii) a Clearing Trading Permit Holder that is a back office agent for the Designated Give Up. The ability to make such a change shall end at the Trade Date Cutoff Time.

(3) *Give Up Changes Made by Designated Give Ups or Guarantors and Clearing Trading Permit Holders on T+1*. If a Designated Give Up (or Guarantor) and a Clearing Trading Permit Holder have the ability through an Exchange system to do so, the Designated Give Up (or Guarantor) and Clearing Trading Permit Holder may each enter trade records into the Exchange's systems on the next trading day ("T+1") that would effect a transfer of the trade in a non-expired option series from that Designated Give Up (or Guarantor) to that Clearing Trading Permit Holder. The ability to make such a change shall end at 12:00 p.m. (CT) on T+1 ("T+1 Cutoff Time"). The Designated Give Up (or Guarantor) shall notify the Exchange and all the parties to the trade, in writing, of any such change.

(g) *Responsibility*. For purposes of the Rules of the Exchange, a Clearing Trading Permit Holder shall be financially responsible for all trades for which it is the give up at the Applicable Cutoff Time. Nothing in this Rule shall preclude a different party from being responsible for the trade outside of the Rules of the Exchange pursuant to the Rules of the Clearing Corporation, any agreement between the applicable parties, other applicable rules and regulations, arbitration, court proceedings or otherwise. For purposes of this Rule, the "Applicable Cutoff Time" shall refer to the T+1 Cutoff Time for non-expiring option series and to the Trade Date Cutoff Time for expiring option series.

(h) *Misuse*. An intentional misuse of this Rule is impermissible, and may be treated as a violation of Rule 8.1.

Interpretations and Policies

.01 Nothing herein precludes the clearance of Exchange transactions by a non-Trading Permit Holder pursuant to the By-Laws of the OCC so long as a Clearing Trading Permit Holder who is a Trading Permit Holder is also designated as having responsibility under these Rules for the clearance and comparison of such transactions.

[Effective October 7, 2019 (SR-CBOE-2019-081)]

Rule 5.11. Binding Transactions

All bids or offers made and accepted in accordance with the Rules constitute binding contracts, subject to applicable requirements of the Bylaws, the Rules, and the Rules of the OCC.

(a) *Erroneous Report*. The price at which an order is executed is binding notwithstanding that an erroneous report in respect thereto may have been rendered, or no report rendered. A report is not binding if an order was not actually executed but was in error reported to have been executed.

(b) *Comparison*. No comparison or failure to compare, and no notification or acceptance of notification of failure to receive or failure to deliver will have the effect of creating or of cancelling a contract, or of changing the terms thereof, or of releasing the original parties from liability.

[Effective October 7, 2019 (SR-CBOE-2019-081)]

Rule 5.12. Transactions Off the Exchange

(a) Except as otherwise provided by this Rule, no Trading Permit Holder acting as principal or agent may effect transactions in any class of option contracts listed on the Exchange for a premium in excess of $1.00 other than (1) on the Exchange, (2) on another exchange on which such option contracts are listed and traded, or (3) in the over-the-counter market if the stock underlying the option class, or in the case of an index option, if all the component stocks of an index underlying the option class, was a National Market System security under SEC Rule 600 at the time the Exchange commenced trading in that option class, unless the Trading Permit Holder has attempted to execute the transaction on the floor of the Exchange and has reasonably ascertained that it may be executed at a better price off the floor.

(b) Notwithstanding the provisions of paragraph (a) of this Rule, a Trading Permit Holder acting as agent may execute a customer's order off the Exchange floor with any other person (except when such Trading Permit Holder also is acting as agent for such other person in such transaction) for the purchase or sale of an option contract listed on the Exchange.

(c) For each transaction in which a Trading Permit Holder acting as principal or agent executes any purchase or sale of an option contract listed on the Exchange other than on the Exchange or on another exchange on which such option contracts are listed and traded, a record of such transaction shall be maintained by such Trading Permit Holder and shall be available for inspection by the Exchange for a period of one year. Such record shall include the circumstances under which the transaction was executed in conformity with this Rule.

(d) No rule, stated policy, or practice of the Exchange may prohibit or condition, or be construed to prohibit or condition, or otherwise limit, directly or indirectly, the ability of any Trading Permit Holder acting as agent to effect any transaction otherwise than on the Exchange with another person (except when such Trading Permit Holder also is acting as agent for such other person in such transaction) in any equity security listed on the Exchange or to which unlisted trading privileges on the Exchange have been extended.

(e) No rule, stated policy, or practice of the Exchange may prohibit or condition, or be construed to prohibit, condition, or otherwise limit, directly or indirectly, the ability of any Trading Permit Holder to effect any transaction otherwise than on the Exchange in any reported security listed and registered on the Exchange or as to which unlisted trading privileges on the Exchange have been

extended (other than a put option or call option issued by the Clearing Corporation) which is not a covered security.

[Effective October 7, 2019 (SR-CBOE-2019-081)]

SECTION B. EXCHANGE AUTHORITY

Rule 5.20. Trading Halts

(a) *Halts*. Any two Floor Officials, in consultation with a designated senior executive officer of the Exchange, may halt trading in any security in the interests of a fair and orderly market and to protect investors. Any trading halt that lasts more than two consecutive business days shall be reviewed on a regular basis by the Exchange, which may determine whether, in the interests of a fair and orderly market, to terminate or modify any such trading halt that is then still in effect. Among the factors that may be considered in making the foregoing determinations are whether:

(1) in the case of an option on a security: (A) trading in the underlying security has been halted in the one or more of the markets trading the underlying security; or (B) the opening of such underlying security has been delayed because of unusual circumstances;

(2) in the case of an option on a security other than a stock option, trading in related index options has been halted pursuant to the provisions of subparagraphs (a)(3), (a)(5), and (a)(6) below.

(3) in the case of an index option: (A) the extent to which trading is not occurring in the stocks or options underlying the index; (B) the current calculation of the index derived from the current market prices of the stocks is not available; or (C) the "current index level," which is the implied forward level based on volatility index (security) futures prices, for a volatility index is not available or the cash (spot) value for a volatility index is not available;

(4) in the case of any security other than an option, (A) the opening of such security has been delayed due to order imbalances, (B) the Exchange has been advised that the issuer of the security is about to make an important announcement affecting such issue, or (C) trading in such security has been halted in one or more of the markets trading such security;

(5) the extent to which the opening process pursuant to Rule 5.31 has been completed or other factors regarding the status of the opening process; or

(6) other unusual conditions or circumstances are present, which may include the activation of price limits on futures exchanges or the halt of trading in related futures with respect to index options; and

(7) in addition to the factors in subparagraphs (a)(1) to (a)(6) above:

(A) in the case of interest rate options current quotations for the underlying securities are unavailable or have become unreliable;

(B) in the case of Government securities options, current quotations for the underlying interest measure are unavailable or have become unreliable;

(C) in the case of Credit Options current quotations for Reference Obligation or other securities of the Reference Entity are unavailable or have become unreliable;

(D) in the case of Corporate Debt Security options, (i) the TRACE reporting system is inoperative or is not available for viewing by market participants because of systems problems occurring on the TRACE reporting system with respect to the Corporate Debt Securities that are reported on the NASD's TRACE reporting system, or (ii) the issuer or trustee, as applicable under the agreements governing the Corporate Debt Security, provides notification to holders of the Corporate Debt Security that such Corporate Debt Security is to be redeemed in whole or part.

(8) in the case of binary options, subparagraphs (a)(1) through (a)(6) are applicable.

(b) *Resumptions*. Trading in a security that has been the subject of a halt under paragraph (a) above may be resumed as described in Rule 5.31(g) upon a determination by two Floor Officials, in consultation with a designated senior executive officer of the Exchange, that the interests of a fair and orderly market are best served by a resumption of trading. Among the factors to be considered in making this determination are whether the conditions which led to the halt are no longer present.

(c) *No Trading During Halts*. No Trading Permit Holder or person associated with a Trading Permit Holder shall effect a trade in any option class in which trading has been halted under the provisions of this Rule and its Interpretation and Policies during the time in which the halt remains in effect. The Exchange shall nullify any transaction that occurs: (1) during a trading halt in the affected option on the Exchange; or (2) with respect to equity options (including options overlying ETFs), during a regulatory halt as declared by the primary listing market for the underlying security.

(d) *Index Option Halt Exceptions*. When the hours of trading of the underlying primary securities market for an index option do not overlap or coincide with those of the Exchange, and during Global Trading Hours, Rule 5.22 and subparagraphs (a)(3) and (5) and paragraph (b) above do not apply, except for subparagraph (a)(6).

(e) *Calculation of Index Value at Expiration*. When the primary market for a security underlying the current index value of an index option does not open for trading, halts trading prematurely, or otherwise experiences a disruption of normal trading on a given day, or if a particular security underlying the current index value of an index option does not open for trading, halts trading prematurely, or otherwise experiences a disruption of normal trading on a given day in its primary market, the price of that security shall be determined, for the purposes of calculating the current index value at expiration, in accordance with the Rules and By-Laws of the Clearing Corporation.

[Effective October 7, 2019 (SR-CBOE-2019-081)]

Rule 5.21. Equity Market Plan to Address Extraordinary Market Volatility

The Exchange shall modify option order processing during a limit up-limit down state. For purposes of this rule, a "limit up-limit down state" shall mean the period of time when the underlying security of an option enters a limit or straddle state as defined in the Regulation NMS Plan to Address Extraordinary Market Volatility (the "Limit Up-Limit Down Plan" or the "Plan").

(a) *Exchange Order Types*. The following order types will be handled specially during a limit up-limit down state: market orders, market-on-close orders, stop orders, and stock-option orders. Refer to Rules 5.32 and 5.33 for descriptions of how such orders will be handled during a limit up-limit down state.

(b) *Order Handling*. The following electronic order handling features shall operate differently during a limit up-limit down state:

(1) *Opening Process*. Refer to Rule 5.31 for a description of how the opening process will function during a limit up- limit down state.

(2) *Step Up Mechanism*. Refer to Rule 5.35 for a description of how HAL will operate during a limit up-limit down state.

(3) *Complex Order Request for Responses Auction*. Refer to Rule 5.33 for a description of how a complex order request for responses auction (referred to as "COA") will operate during a limit up-limit down state.

(4) *Canceling/Replacing Orders*. If a request to replace a limit order with a market order is received while the underlying security is in a limit up-limit down state, then the market order and the original limit order will be returned.

(c) *Obvious Error*. Refer to Rule 6.5 for a description of how the Exchange will handle potential obvious error executions during a limit up-limit down state.

(d) *Market-Maker Quoting Obligations*. Subject to certain limitations specified in the rules identified below, the Exchange will not require Market-Makers to quote in series of options when the underlying security is in a limit up-limit down state. Market-Maker participation entitlements will continue to apply during a limit up-limit down state. For the particular limitations, refer to the specific Market-Maker category, and corresponding obligations.

[Effective October 7, 2019 (SR-CBOE-2019-081); amended October 15, 2019 (SR-CBOE-2019-049)]

Rule 5.22. Market-wide Trading Halts due to Extraordinary Market Volatility

The Exchange shall halt trading in all stocks and stock options whenever a market-wide trading halt commonly known as a circuit breaker is initiated in response to extraordinary market conditions. This Rule shall be in effect during a pilot period that expires at the close of business on October 18, 2021. If the pilot is not either extended or approved permanently at the end of the pilot period, the prior version of the Rule shall be in effect.

The Exchange will halt trading in all stocks and stock options and shall not reopen for the time periods specified in this Rule if there is a Level 1, 2, or 3 Market Decline.

(a) *Definitions*. For purposes of this Rule:

(1) A "Market Decline" means a decline in price of the S&P 500 Index between 9:30 a.m. and 4:00 p.m.) on a trading day as compared to the closing price of the S&P 500 Index for the immediately preceding trading day. The Level 1, Level 2, and Level 3 Market Declines that will be applicable for the trading day will be publicly disseminated before 9:30 a.m.

(2) A "Level 1 Market Decline" means a Market Decline of 7%.

(3) A "Level 2 Market Decline" means a Market Decline of 13%.

(4) A "Level 3 Market Decline" means a Market Decline of 20%.

(b) *Halts in Trading*.

(1) If a Level 1 or Level 2 Market Decline occurs after 9:30 a.m. and up to and including 3:25 p.m. or, in the case of an early scheduled close, 12:25 p.m., the Exchange shall halt trading in all stocks and stock options for 15 minutes after a Level 1 or Level 2 Market Decline. The Exchange shall halt trading based on a Level 1 or Level 2 Market Decline only once per trading day. The Exchange will not halt trading if a Level 1 or Level 2 Market Decline occurs after 3:25 p.m. or, in the case of an early scheduled close, 12:25 p.m.

(2) If a Level 3 Market Decline occurs at any time during the trading day, the Exchange shall halt trading in all stocks and stock options until the next trading day.

(c) *Reopening of Stock Options Trading*. Upon reopening, a rotation shall be held in each class of options unless two Floor Officials conclude that a different method of reopening is appropriate under the circumstances, including but not limited to, no rotation, an abbreviated rotation or any other variation in the manner of the rotation.

(1) If a circuit breaker is initiated in all stocks due to a Level 1 or Level 2 Market Decline:

(A) The Exchange will halt trading in each class of options on those stocks until trading has resumed on the primary listing market for the stocks or notice has been received from the primary listing market that trading may resume. If, however, trading has not resumed on the primary listing market for a stock within 15 minutes following the end of the 15-minute halt period, the Exchange may resume trading in the options if at least one market has resumed trading in the stock.

(B) The Exchange will halt trading in all other stock options not specified in subparagraph (c)(1)(A) above. The Exchange may resume trading in such other stock options any time after the 15-minute halt period.

(d) *Reopening of Stock Trading*. Upon reopening, a rotation shall be held in each stock unless the Exchange concludes that a different method of reopening is appropriate under the circumstances,

including but not limited to, no rotation, an abbreviated rotation or any other variation in the manner of the rotation.

(1) If a circuit breaker is initiated in all stocks due to a Level 1 or Level 2 Market Decline, the Exchange will halt trading in those stocks until trading has resumed on the primary listing market or notice has been received from the primary listing market that trading may resume. If, however, trading has not resumed on the primary listing market for a stock within 15 minutes following the end of the 15-minute halt period, the Exchange may resume trading in the stock.

Nothing in this Rule shall be construed to limit the ability of the Exchange to halt trading in any security or securities traded on the Exchange pursuant to any other Exchange rule or policy.

(e) *Rule Application*. This Rule 5.22 also applies to index options, Credit Options, and binary options.

[Effective October 7, 2019 (SR-CBOE-2019-081); amended October 16, 2019 (SR-CBOE-2019-100); amended October 8, 2020 (SR-CBOE-2020-098)]

Rule 5.23. Unusual Market and Emergency Conditions

(a) *Determination of a Fast Market*. Whenever in the judgment of any two Floor Officials, because of an influx of orders or other unusual conditions or circumstances, the interest of maintaining a fair and orderly market so require, those Floor Officials may declare the market in one or more classes of option contracts to be "fast." If a market is declared fast, any two Floor Officials shall have the power to do one or more of the following with respect to the class or classes involved:

(1) Direct that one or more trading rotations be employed pursuant to Rule 5.31.

(2) Suspend the firm quote requirement as permitted under Rule 5.59.

(3) Take such other actions as are deemed necessary in the interest of maintaining a fair and orderly market.

(b) *Resumption*. Regular trading procedures shall be resumed when two Floor Officials determine that the conditions supporting that declaration no longer exist. If the conditions supporting that declaration cannot be managed utilizing one or more of the procedures contained in paragraph (a) of this Rule, those Floor Officials shall halt trading in the class or classes affected.

(c) *Restriction of Certain Orders*. Whenever market conditions warrant such special action, the Exchange may restrict the entry of stop or stop-limit orders in one or more classes or series of options for a period not in excess of two consecutive days. A designated senior executive officer of the Exchange must approve any such restriction which is to be effective for more than two consecutive business days.

(d) *Action in Emergency Conditions,* The Chief Executive Officer or the President (or his or her senior-level designee) have the power to halt trading in some or all securities traded on the

Exchange, to close some or all Exchange facilities, to determine the duration of any such halt or closing, to take one or more of the actions permitted to be taken by any person or body of the Exchange under Exchange rules, or to take any other action deemed to be necessary or appropriate for the maintenance of a fair and orderly market or the protection of investors, or otherwise in the public interest, due to emergency conditions or extraordinary circumstances, such as (1) actual or threatened physical danger, severe climatic conditions, natural disaster, civil unrest, terrorism, acts of war, or loss or interruption of facilities utilized by the Exchange, or (2) a request by a governmental agency or official, or (3) a period of mourning or recognition for a person or event.

[Effective October 7, 2019 (SR-CBOE-2019-081)]

Rule 5.24. Disaster Recovery

(a) *Business Continuity and Disaster Recovery Plans.* The Exchange maintains business continuity and disaster recovery plans, including backup systems, it may activate to maintain fair and orderly markets in the event of a systems failure, disaster, or other unusual circumstance that may threaten the ability to conduct business on the Exchange.

(b) *TPHs Required to Connect to Backup Systems.* The Exchange maintains a backup systems to allow the Exchange to operate and conduct business in the event the Exchange's primary systems become inoperable or otherwise unavailable for use due to a significant systems failure, disaster or other unusual circumstances. The Exchange requires the following Trading Permit Holders to connect to the Exchange's backup systems and participate in functional and performance testing announced by the Exchange, which occurs at least once every 12 months:

(1) Trading Permit Holders that the Exchange has determined contribute a meaningful percentage of the Exchange's overall volume.

(2) Trading Permit Holders that the Exchange has determined contribute a meaningful percentage of the Exchange's executed customer volume in SPX and VIX combined.

(3) Trading Permit Holders that participate as Market-Makers (including LMMs) in option classes exclusively listed on the Exchange that submit continuous electronic quotes in those classes.

(4) Trading Permit Holders that participate as DPMs in multiply listed option classes.

During the use of backup systems, the Exchange may, if necessary for the maintenance of fair and orderly markets, establish heightened quoting obligations for these designated Trading Permit Holders in a class in which the Trading Permit Holder is already an appointed Market-Maker (including an LMM) up to the standards specified for DPMs in Rule 5.32 or disallow the ability to deselect an appointment intraday in a class in which the Trading Permit Holder is already an appointed Market-Maker. The Exchange provides reasonable advance notice to Trading Permit Holders of any additional temporary requirements prior to implementation.

(c) *All Other TPHs.* All Trading Permit Holders may connect to the Exchange's backup systems and participate in testing of these systems.

(d) *Operation of Open Outcry.* If the Exchange's primary and backup systems become inoperable or otherwise unavailable for use due to a significant systems failure, disaster, or other unusual circumstances, in the interests of maintaining fair and orderly markets or for the protection of investors, the Exchange may determine, on a class-by-class basis, to temporarily allow trading in its exclusively listed products in an exclusive floor-based environment via open outcry in order to preserve the Exchange's ability to conduct business in those option classes.

(e) *Loss of Trading Floor.* If the Exchange trading floor becomes inoperable and the Exchange does not make a virtual trading floor available in a class pursuant to subparagraph (3) below, the Exchange will continue to operate in a screen-based only environment using a floorless configuration of the System that is operational while the trading floor facility is inoperable. The Exchange will operate using this configuration only until the Exchange's trading floor facility is operational. Open outcry trading will not be available in the event the trading floor becomes inoperable, except as otherwise set forth in this paragraph (e) below and pursuant to Rule 5.26, as applicable.

(1) *Applicable Rules.* In the event that the trading floor becomes inoperable, trading will be conducted pursuant to all applicable System Rules, except that open outcry Rules will not be in force, including but not limited to the Rules (or applicable portions of the Rules) in Chapter 5, Section G, and as follows (subparagraphs (A) through (D) will be effective until December 31, 2020):

(A) notwithstanding the introductory paragraphs of Rules 5.37 and 5.73, an order for the account of a Market-Maker with an appointment in the applicable class on the Exchange may be solicited for the Initiating Order submitted for execution against an Agency Order in any exclusively listed index option class into a simple AIM Auction pursuant to Rule 5.37 or a simple FLEX AIM Auction pursuant to Rule 5.73;

(B) with respect to complex orders in any exclusively listed index option class:

(1) notwithstanding Rule 5.4(b), the minimum increment for bids and offers on complex orders with any ratio equal to or greater than one-to-twenty-five (0.04) and equal to or less than twenty-five-to-one (25.00) is $0.01 or greater, which may be determined by the Exchange on a class-by-class basis, and the legs may be executed in $0.01 increments; and

(2) notwithstanding the definition of "complex order" in Rule 1.1, for purposes of Rule 5.33, the term "complex order" means a complex order with any ratio equal to or greater than one-to-twenty-five (0.04) and equal to or less than twenty-five-to-one (25.00); and

(C) the contract volume a Market-Maker trades electronically during a time period in which the Exchange operates in a screen-based only environment will be excluded from determination of whether a Market-Maker executes more than 20% of its contract volume electronically in an appointed class during any calendar quarter, and thus is subject to the continuous electronic quoting obligation, as set forth in Rule 5.52(d).

All non-trading rules of the Exchange will continue to apply.

(2) *Other Back-Up Trading Arrangements.* This Rule does not preclude the Exchange from conducting business, in the event the trading floor is rendered inoperable, pursuant to Rule 5.26.

(3) *Virtual Trading Floor.* If the physical trading floor is inoperable, the Exchange may make available an audio and video communication program to serve as a "virtual trading floor" in one or more option classes during Regular Trading Hours. If the Exchange makes a virtual trading floor available in a class, the temporary rules in subparagraph (e)(1) above will not apply to that class. All Rules related to open outcry trading, including those in Chapter 5, Section G, will apply to open outcry trading on the virtual trading floor in the same manner as they apply to open outcry trading on the physical trading floor, except as the context otherwise requires and as follows:

(A) *Terms.*

(i) References in the Rules to the "floor," "trading floor," and "Exchange floor" (and any other terms with the same meaning) will be deemed to refer to the "virtual trading floor."

(ii) References in the Rules to "pit," "trading station," and "trading post" (and any other terms with the same meaning) will be deemed to refer to a "virtual trading pit."

(iii) References in the Rules to "physical presence" (and any other terms with the same meaning) in a pit or on the trading floor will be deemed to refer to "presence" in a virtual trading pit or on the virtual trading floor, respectively.

(iv) The terms "in-crowd market participant" and "ICMP" mean a Market-Maker, a DPM or LMM with an allocation in a class, or a Floor Broker or PAR Official representing an order in a virtual pit on the virtual trading floor.

(v) References to an "on-floor DPM" or "on-floor LMM" will be deemed to refer to a DPM or LMM, respectively, in a virtual pit for its allocated class(es).

(B) *Access.* Admission to the virtual trading floor is limited to Trading Permit Holders, clerks, Exchange employees, and any other persons the Exchange authorizes admission to the virtual trading floor. The Exchange will provide access to the virtual trading floor to TPHs the Exchange has approved to perform a trading floor function (including Floor Brokers and Market-Makers). Each authorized individual will receive one log-in to the virtual trading floor and may be present in only one virtual trading pit/zone at one time. The Exchange tracks which individuals participate in the virtual trading floor, including when they log in and log out. TPHs and clerks are not required to display badges on the virtual trading floor.

(C) *Equipment.* TPHs may use any equipment to access the virtual trading floor and do not need to register devices they use while on the virtual trading floor. TPHs must use Exchange-provided equipment to access PAR workstations while transacting on the virtual trading floor.

(D) *Virtual Trading Pits and Zones.* In the program, the Exchange will create "virtual trading pits," in each of which the Exchange will determine which options class(es) will be available for trading. TPHs will access virtual trading pits via "zones."

(i) Multiple classes may trade in a single virtual trading pit, available for trading in a single zone.

(ii) The Exchange may determine to divide a virtual trading pit for a single class into multiple zones given the number of TPHs generally present in the trading pit for that class on the physical trading floor. The Exchange will assign each Floor Broker to a zone, and each Market-Maker may determine in which zone it will be present.

(iii) In each zone, the Exchange will make visible an electronic blotter containing a running list of unexecuted orders that have been represented by Floor Brokers in that zone.

(E) *Chats.* The Exchange may determine to require any Market-Maker or Floor Broker in a virtual trading pit/zone that wants to trade against an order represented for execution to express its bid or offer in a chat available in the virtual trading pit. Chats will be visible to all participants in a zone and will not be permitted directly between individual participants.

(F) *Records.* The Exchange will retain records of the chats, participant logs, and any other records related to the virtual trading floor that are subject to the Exchange's record retention obligations under the Exchange Act.

(f) *Deactivation of Certain Systems.* In the event of a systems disruption or malfunction, security intrusion, systems compliance issue, or other unusual circumstances, the Exchange may, in accordance with the Rules or, if necessary, to maintain fair and orderly markets or to protect investors, temporarily deactivate certain systems or systems functionalities that are not essential to conducting business on the Exchange. The Exchange will notify market participants of any such deactivation, and any subsequent reactivation, promptly and in a reasonable manner determined by the Exchange.

(g) *Connectivity Restriction.* The Exchange may temporarily restrict a Trading Permit Holder's or associated person's access to the System or other electronic trading systems if it is determined by the President (or senior-level designee) of the Exchange, that because of a systems issue, such access threatens the Exchange's ability to operate systems essential to the maintenance of fair and orderly markets. Such access would remain restricted until the end of the trading session or an earlier time if the President (or senior-level designee) of the Exchange, in consultation with the affected Trading Permit Holder(s), determines that lifting the restriction no longer poses a threat to the Exchange's ability to operate systems essential to conducting business or continuing to maintain a fair and orderly market on the Exchange or to investors.

Interpretations and Policies

.01 For purposes of determining which Trading Permit Holders contribute a meaningful percentage of the Exchange's overall volume and customer volume in SPX and VIX pursuant to subparagraphs (b)(1) and (2), respectively, the Exchange measures volume executed on the Exchange during a single designated quarter for a given year. The Exchange determines the percentage of volume it considers to be meaningful for purposes of this Rule 5.24.

The Exchange individually notifies all Trading Permit Holders annually, and at least three months prior to the scheduled functional and performance testing, that are subject to paragraph (b) of this Rule 5.24 based on the designated quarter's volume.

[Effective October 7, 2019 (SR-CBOE-2019-033); amended March 13, 2020 (SR-CBOE-2020-019); amended March 20, 2020 (SR-CBOE-2020-023); amended March 26, 2020 (SR-CBOE-2020-025); amended March 26, 2020 (SR-CBOE-2020-026); amended March 31, 2020 (SR-CBOE-2020-031); amended May 15, 2020 (SR-CBOE-2020-047); amended July 2, 2020 (SR-CBOE-2020-066); amended September 2, 2020 (SR-CBOE-2020-081); amended September 4, 2020 (SR-CBOE-2020-060); amended October 1, 2020 (SR-CBOE-2020-092); amended October 14, 2020 (SR-CBOE-2020-074); amended December 14, 2020 (SR-CBOE-2020-055)]

Rule 5.25. Message Traffic Mitigation

To mitigate message traffic, based on the Exchange's traffic with respect to target traffic levels and in accordance with the Exchange's overall objective of reducing both peak and overall traffic:

(a) *Replace on Queue.* The System does not send an outbound message in a series that has not been but is about to be sent if a more current quote message for the same series is available for sending, but does not delay the sending of any messages.

(b) *Price/Size Updates.* The Exchange prioritizes price update messages over size update messages in all series and in conjunction with the replace on queue functionality described in paragraph (a).

(c) *Message Queues*. All messages will be processed through either a "Priority Queue" or a "General Queue". The System will process a certain number of messages, as determined by the Exchange, from each queue on an alternating basis. Auction response messages will be processed through the Priority Queue, and all remaining messages will be processed through the General Queue. The System will prioritize processing messages in each respective queue in the order in which the System receives them (i.e., in time priority).

[Effective October 7, 2019 (SR-CBOE-2019-033); amended October 14, 2020 (SR-CBOE-2020-072)]

Rule 5.26. Back-Up Trading Arrangements

(a) *Cboe Options is Disabled Exchange.*

(1) *Cboe Options Exclusively Listed Options.*

(A) For purposes of this Rule 5.26, the term "exclusively listed option" means an option that is listed exclusively by an exchange (because the exchange has an exclusive license to use, or has proprietary rights in, the interest underlying the option).

(B) Cboe Options may enter into arrangements with one or more other exchanges (each a "Back-Up Exchange") to permit Cboe Options and its Trading Permit Holders to use a portion of the Back-Up Exchange's facilities to conduct the trading of some or all of Cboe Options' exclusively listed options in the event that the functions of Cboe Options are severely and adversely affected by an emergency or extraordinary circumstances (a "Disabling Event"). These options class will trade as listings of Cboe Options. The facility of the Back-Up Exchange used by Cboe Options for this purpose will be deemed to be a facility of Cboe Options.

(C) Trading of Cboe Options exclusively listed options on Cboe Options' facility at the Back-Up Exchange will be conducted in accordance with the rules of the Back-Up Exchange, except that (i) such trading shall be subject to Cboe Options Rules with respect to doing business with the public, margin requirements, net capital requirements, listing requirements and position limits, and (ii) Cboe Options Trading Permit Holders that are trading on Cboe Options' facility at the Back-Up Exchange (not including members of the Back-up Exchange who become temporary Trading Permit Holders of Cboe Options pursuant to subparagraph (a)(1)(F)) will be subject to Cboe Options Rules governing or applying to the maintenance of a person's or a firm's status as a Trading Permit Holder of Cboe Options, and (iii) Cboe Options may establish a lower DPM or LMM participation entitlement percentage applicable to trading on Cboe Options' facility on the Back-Up Exchange than the percentage applicable under the rules of the Back-up Exchange if agreed to by Cboe Options and the Back-Up Exchange. In addition, Cboe Options and the Back-Up Exchange may agree that other Cboe Options Rules will apply to such trading. Cboe Options and the Back-Up Exchange have agreed to communicate to their Trading Permit Holders and members, respectively, which rules apply in advance of trading. The Back-Up Exchange rules that govern trading on Cboe Options' facility at the Back-Up Exchange will be deemed to be Cboe Options Rules for purposes of such trading.

(D) The Back-Up Exchange has agreed to perform the related regulatory functions with respect to trading of Cboe Options exclusively listed options on Cboe Options' facility at the Back-Up Exchange, in each case except as Cboe Options and the Back-Up Exchange may specifically agree otherwise. The Back-Up Exchange and Cboe Options have agreed to coordinate with each other regarding surveillance and enforcement respecting trading of Cboe Options exclusively listed options on Cboe Options' facility at the Back-Up Exchange. Cboe Options shall retain the ultimate legal responsibility for the performance of its self-regulatory obligations with respect to Cboe Options' facility at the Back-Up Exchange.

(E) Cboe Options will have the right to designate its Trading Permit Holders that will be authorized to trade Cboe Options exclusively listed options on Cboe Options' facility at the Back-Up Exchange and, if applicable, its Trading Permit Holder(s) that

will be an LMM or DPM in those options. If the Back-Up Exchange is unable to accommodate all Cboe Options Trading Permit Holders that desire to trade on Cboe Options' facility at the Back-Up Exchange, Cboe Options may determine which Trading Permit Holders will be eligible to trade at that facility. Factors to be considered in making such determinations may include, but are not limited to, any one or more of the following: whether the Trading Permit Holder is a DPM or LMM in the applicable product(s), the number of contracts traded by the Trading Permit Holder in the applicable product(s), market performance, and other factors relating to a Trading Permit Holder's contribution to the market in the applicable product(s).

(F) Members of the Back-Up Exchange will not be authorized to trade in any Cboe Options exclusively listed options, except that (i) Cboe Options may deputize willing floor brokers of the Back-Up Exchange as temporary Cboe Options Trading Permit Holders to permit them to execute orders as brokers in Cboe Options exclusively listed options traded on Cboe Options' facility at the Back-Up Exchange, and (ii) the Back-Up Exchange has agreed that it will, at the instruction of Cboe Options, select members of the Back-Up Exchange that are willing to be deputized by Cboe Options as temporary Cboe Options Trading Permit Holders authorized to trade Cboe Options exclusively listed options on Cboe Options' facility at the Back-Up Exchange for such period of time following a Disabling Event as Cboe Options determines to be appropriate, and Cboe Options may deputize such members of the Back-Up Exchange as temporary Cboe Options Trading Permit Holders for that purpose.

(2) *Cboe Options Singly Listed Options.*

(A) For purposes of this Rule 5.26, the term "singly listed option" means an option that is not an "exclusively listed option" but that is listed by an exchange and not by any other national securities exchange.

(B) Cboe Options may enter into arrangements with a Back-Up Exchange under which the Back-Up Exchange will agree, in the event of a Disabling Event, to list for trading singly listed option classes that are then singly listed only by Cboe Options and not by the Back-Up Exchange. Any such option classes listed by the Back-Up Exchange will trade on the Back-Up Exchange and in accordance with the rules of the Back-Up Exchange. Such option classes will be traded by members of the Back-Up Exchange and by Cboe Options Trading Permit Holders selected by Cboe Options to the extent the Back-Up Exchange can accommodate Cboe Options Trading Permit Holders in the capacity of temporary members of the Back-Up Exchange. If the Back-Up Exchange is unable to accommodate all Cboe Options Trading Permit Holders that desire to trade singly listed options at the Back-Up Exchange, Cboe Options may determine which Trading Permit Holders will be eligible to trade such options at the Back-Up Exchange. Factors to be considered in making such determinations may include, but are not limited to, any one or more of the following: whether the Trading Permit Holder is a DPM or LMM in the applicable product(s), the number of contracts traded by the Trading Permit Holder in the applicable product(s), market performance, and other factors relating to a Trading Permit Holder's contribution to the market in the applicable product(s).

(C) Any options class listed by the Back-Up Exchange pursuant to subparagraph (a)(2)(B) that does not satisfy the standard listing and maintenance criteria of the Back-Up Exchange will be subject, upon listing by the Back-Up Exchange, to delisting (and, thus, restrictions on opening new series, and engaging in opening transactions in those series with open interest, as may be provided in the rules of the Back-Up Exchange).

(3) *Multiply Listed Options.* Cboe Options may enter into arrangements with a Back-Up Exchange to permit Cboe Options Trading Permit Holders to conduct trading on a Back-Up Exchange of some or all of Cboe Options' multiply listed options in the event of a Disabling Event. These options will trade as a listing of the Back-Up Exchange and in accordance with the rules of the Back-Up Exchange. These options will be traded by members of the Back-Up Exchange and by Cboe Options Trading Permit Holders selected by Cboe Options to the extent the Back-Up Exchange can accommodate Cboe Options Trading Permit Holders in the capacity of temporary members of the Back-Up Exchange. If the Back-Up Exchange is unable to accommodate all Cboe Options Trading Permit Holders that desire to trade multiply listed options at the Back-Up Exchange, Cboe Options may determine which Trading Permit Holders will be eligible to trade such options at the Back-Up Exchange. Factors to be considered in making such determinations may include, but are not limited to, any one or more of the following: whether the Trading Permit Holder is a DPM or LMM in the applicable product(s), the number of contracts traded by the Trading Permit Holder in the applicable product(s), market performance, and other factors relating to a Trading Permit Holder's contribution to the market in the applicable product(s).

(b) *Cboe Options is Back-Up Exchange.*

(1) *Disabled Exchange Exclusively Listed Options.*

(A) Cboe Options may enter into arrangements with one or more other exchanges (each a "Disabled Exchange") to permit the Disabled Exchange and its members to use a portion of Cboe Options's facilities to conduct the trading of some or all of the Disabled Exchange's exclusively listed options in the event of a Disabling Event. Such option classes shall trade as listings of the Disabled Exchange. The facility of Cboe Options used by the Disabled Exchange for this purpose will be deemed to be a facility of the Disabled Exchange.

(B) Trading of the Disabled Exchange's exclusively listed options on the Disabled Exchange's facility at Cboe Options shall be conducted in accordance with Cboe Options rules, except that (i) such trading shall be subject to the Disabled Exchange's rules with respect to doing business with the public, margin requirements, net capital requirements, listing requirements and position limits, and (ii) members of the Disabled Exchange that are trading on the Disabled Exchange's facility at Cboe Options (not including Cboe Options Trading Permit Holders who become temporary members of the Disabled Exchange pursuant to paragraph (b)(1)(D)) will be subject to the rules of the Disabled Exchange governing or applying to the maintenance of a person's or a firm's status as a member of the Disabled Exchange. In addition, the Disabled Exchange and Cboe Options may agree that other Disabled Exchange rules

will apply to such trading. The Disabled Exchange and Cboe Options have agreed to communicate to their members Trading Permit Holders, respectively, which rules apply in advance of trading.

(C) Cboe Options will perform the related regulatory functions with respect to trading of the Disabled Exchange's exclusively listed options on the Disabled Exchange's facility at Cboe Options, in each case except as the Disabled Exchange and Cboe Options may specifically agree otherwise. Cboe Options and the Disabled Exchange have agreed to coordinate with each other regarding surveillance and enforcement respecting trading of the Disabled Exchange's exclusively listed options on the Disabled Exchange's facility at Cboe Options. The Disabled Exchange has agreed that it shall retain the ultimate legal responsibility for the performance of its self-regulatory obligations with respect to the Disabled Exchange's facility at Cboe Options.

(D) Cboe Options Trading Permit Holders shall not be authorized to trade in any exclusively listed options of the Disabled Exchange, except (i) that the Disabled Exchange may deputize willing Cboe Options floor brokers as temporary members of the Disabled Exchange to permit them to execute orders as brokers in exclusively listed options of the Disabled Exchange traded on the facility of the Disabled Exchange at Cboe Options, and (ii) at the instruction of the Disabled Exchange, Cboe Options shall select Cboe Options Trading Permit Holders that are willing to be deputized by the Disabled Exchange as temporary members of the Disabled Exchange authorized to trade the Disabled Exchange's exclusively listed options on the facility of the Disabled Exchange at Cboe Options for such period of time following a Disabling Event as the Disabled Exchange determines to be appropriate, and the Disabled Exchange may deputize such Cboe Options Trading Permit Holders as temporary members of the Disabled Exchange for that purpose.

(2) *Disabled Exchange Singly Listed Options.*

(A) Cboe Options may enter into arrangements with a Disabled Exchange under which Cboe Options will agree, in the event of a Disabling Event, to list for trading singly listed option classes that are then singly listed only by the Disabled Exchange and not by Cboe Options. Any such option classes listed by Cboe Options shall trade on Cboe Options and in accordance with Cboe Options rules. Such option classes shall be traded by Cboe Options Trading Permit Holders and by members of the Disabled Exchange selected by the Disabled Exchange to the extent Cboe Options can accommodate members of the Disabled Exchange in the capacity of temporary Trading Permit Holders of Cboe Options. Cboe Options may allocate such option classes to a Cboe Options DPM in advance of a Disabling Event, without utilizing the allocation process under Cboe Options Rule 8.95, to enable Cboe Options to quickly list such option classes upon the occurrence of a Disabling Event.

(B) Any options class listed by Cboe Options pursuant to paragraph (b)(2)(A) that does not satisfy the listing and maintenance criteria under Cboe Options rules will be subject, upon listing by Cboe Options, to delisting (and, thus, restrictions on opening

new series, and engaging in opening transactions in those series with open interest, as may be provided in Cboe Options rules).

(3) *Multiply Listed Options.* Cboe Options may enter into arrangements with a Disabled Exchange to permit the Disabled Exchange's members to conduct trading on Cboe Options of some or all of the Disabled Exchange's multiply listed options in the event of a Disabling Event. Such options shall trade as a listing of Cboe Options and in accordance with Cboe Options rules. Such options shall be traded by Cboe Options Trading Permit Holders and by members of the Disabled Exchange to the extent Cboe Options can accommodate members of the Disabled Exchange in the capacity of temporary Trading Permit Holders of Cboe Options.

(c) *Member Obligations.*

(1) *Temporary Members of the Disabled Exchange.*

(A) A Cboe Options Trading Permit Holder acting in the capacity of a temporary member of the Disabled Exchange pursuant to subparagraph (b)(1)(D) will be subject to, and obligated to comply with, the rules that govern the operation of the facility of the Disabled Exchange at Cboe Options, including the rules of the Disabled Exchange to the extent applicable during the period of such trading. Additionally:

(i) the Cboe Options Trading Permit Holder will be deemed to have satisfied, and the Disabled Exchange has agreed to waive specific compliance with, rules governing or applying to the maintenance of a person's or a firm's status as a member of the Disabled Exchange, including all dues, fees and charges imposed generally upon members of the Disabled Exchange based on their status as such;

(ii) the Cboe Options Trading Permit Holder will have none of the rights of a member of the Disabled Exchange except the right to conduct business on the facility of the Disabled Exchange at Cboe Options to the extent described in this Rule;

(iii) the TPH organization associated with that Cboe Options Trading Permit Holder, if any, will be responsible for all obligations arising out of that Cboe Options Trading Permit Holder's activities on or relating to the Disabled Exchange; and

(iv) the Clearing Trading Permit Holder of that Cboe Options Trading Permit Holder will guarantee and clear the transactions of that Cboe Options Trading Permit Holder on the Disabled Exchange.

(B) A member of a Back-Up Exchange acting in the capacity of a temporary Trading Permit Holder of Cboe Options pursuant to subparagraph (a)(1)(F) will be subject to, and obligated to comply with, the rules that govern the operation of the facility of Cboe Options at the Back-Up Exchange, including Cboe Options Rules to the extent applicable during the period of such trading. Additionally:

(i) the temporary Trading Permit Holder will be deemed to have satisfied, and Cboe Options will waive specific compliance with, rules governing or applying to the maintenance of a person's or a firm's status as a Trading Permit Holder of Cboe Options, including all dues, fees and charges imposed generally upon Cboe Options Trading Permit Holders based on their status as such;

(ii) the temporary Trading Permit Holder will have none of the rights of a Cboe Options Trading Permit Holder except the right to conduct business on the facility of Cboe Options at the Back-Up Exchange to the extent described in this Rule;

(iii) the member organization associated with that temporary Trading Permit Holder, if any, will be responsible for all obligations arising out of that temporary Trading Permit Holder's activities on or relating to Cboe Options; and

(iv) the Clearing Trading Permit Holder of that temporary Trading Permit Holder will guarantee and clear the transactions on Cboe Options of the temporary Trading Permit Holder.

(2) *Temporary Members of the Back-Up Exchange.*

(A) A Cboe Options Trading Permit Holder acting in the capacity of a temporary member of the Back-Up Exchange pursuant to subparagraphs (a)(2)(B) or (a)(3) will be subject to, and obligated to comply with, the rules of the Back-Up Exchange that are applicable to the Back-Up Exchange's own members. Additionally:

(i) the Cboe Options Trading Permit Holder will be deemed to have satisfied, and the Back-Up Exchange has agreed to waive specific compliance with, rules governing or applying to the maintenance of a person's or a firm's status as a member of the Back-Up Exchange, including all dues, fees and charges imposed generally upon members of the Back-Up Exchange based on their status as such;

(ii) the Cboe Options Trading Permit Holder will have none of the rights of a member of the Back-Up Exchange except the right to conduct business on the Back-Up Exchange to the extent described in this Rule;

(iii) the TPH organization associated with that Cboe Options Trading Permit Holder, if any, will be responsible for all obligations arising out of that Cboe Options Trading Permit Holder's activities on or relating to the Back-Up Exchange;

(iv) the Clearing Trading Permit Holder of that Cboe Options Trading Permit Holder shall guarantee and clear the transactions of that Cboe Options Trading Permit Holder on the Back-Up Exchange; and

(v) the Cboe Options Trading Permit Holder will only be permitted (a) to act in those capacities on the Back-Up Exchange that are authorized by the Back-Up Exchange and that are comparable to capacities in which the Cboe Options Trading Permit Holder has been authorized to act on Cboe Options, and (b) to trade in those option classes in which the Cboe Options Trading Permit Holder is authorized to trade on Cboe Options.

(B) A member of a Disabled Exchange acting in the capacity of a temporary Trading Permit Holder of Cboe Options pursuant to subparagraphs (b)(2)(A) or (b)(3) will be subject to, and obligated to comply with, Cboe Options Rules that are applicable to Cboe Options' own Trading Permit Holders. Additionally:

(i) the temporary Trading Permit Holder will be deemed to have satisfied, and Cboe Options will waive specific compliance with, rules governing or applying to the maintenance of a person's or a firm's status as a Trading Permit Holder of Cboe Options, including all dues, fees and charges imposed generally upon Cboe Options Trading Permit Holders based on their status as such;

(ii) the temporary Trading Permit Holder will have none of the rights of a Cboe Options Trading Permit Holder except the right to conduct business on Cboe Options to the extent described in this Rule;

(iii) the member organization associated with that temporary Trading Permit Holder, if any, will be responsible for all obligations arising out of that temporary Trading Permit Holder's activities on or relating to Cboe Options;

(iv) the Clearing Trading Permit Holder of that temporary Trading Permit Holder will guarantee and clear the transactions of the temporary Trading Permit Holder on the Cboe Options; and

(v) the temporary Trading Permit Holder will only be permitted (a) to act in those Cboe Options capacities that are authorized by Cboe Options and that are comparable to capacities in which the temporary Trading Permit Holder has been authorized to act on the Disabled Exchange, and (b) to trade in those option classes in which the temporary Trading Permit Holder is authorized to trade on the Disabled Exchange.

(d) *Member Proceedings.*

(1) If Cboe Options initiates an enforcement proceeding with respect to the trading during a back-up period of the singly or multiply listed options of the Disabled Exchange by a temporary Trading Permit Holder of Cboe Options or the exclusively listed options of the Disabled Exchange by a member of the Disabled Exchange (other than a Cboe Options Trading Permit Holder who is a temporary member of the Disabled Exchange), and such proceeding is in process upon the conclusion of the back-up period, Cboe Options may transfer responsibility for such proceeding to the Disabled Exchange following the conclusion of the back-up period. Arbitration of any disputes with respect to any trading during a back-

up period of singly or multiply listed options of the Disabled Exchange or of exclusively listed options of the Disabled Exchange on the Disabled Exchange's facility at Cboe Options will be conducted in accordance with Cboe Options rules, unless the parties to an arbitration agree that it shall be conducted in accordance with the rules of the Disabled Exchange.

(2) If the Back-Up Exchange initiates an enforcement proceeding with respect to the trading during a back-up period of Cboe Options singly or multiply listed options by a temporary member of the Back-Up Exchange or Cboe Options exclusively listed options by a Cboe Options Trading Permit Holder (other than a member of the Back-Up Exchange who is a temporary Trading Permit Holder of Cboe Options), and such proceeding is in process upon the conclusion of the back-up period, the Back-Up Exchange may transfer responsibility for such proceeding to Cboe Options following the conclusion of the back-up period. Arbitration of any disputes with respect to any trading during a back-up period of Cboe Options singly or multiply listed options on the Back-Up Exchange or of Cboe Options exclusively listed options on the facility of Cboe Options at the Back-Up Exchange will be conducted in accordance with the rules of the Back-Up Exchange, unless the parties to an arbitration agree that it shall be conducted in accordance with Cboe Options Rules.

(e) *Trading Permit Holder Preparations.* Cboe Options Trading Permit Holders are required to take appropriate actions as instructed by Cboe Options to accommodate Cboe Options' back-up trading arrangements with other exchanges and Cboe Options' own back-up trading arrangements.

Interpretations and Policies

.01 This Rule 5.26 reflects back-up trading arrangements that Cboe Options has entered into or may enter into with one or more other exchanges. To the extent that this Rule provides that another exchange will take certain action, the Rule is reflecting what that exchange has agreed to do by contractual agreement with Cboe Options, but the Rule itself is not binding upon the other exchange.

[Effective October 7, 2019 (SR-CBOE-2019-033)]

SECTION C. ELECTRONIC TRADING

Rule 5.30. Availability of Orders and Quotes for Electronic Processing

Pursuant to Rule 5.6(a), the Exchange may make order types, Order Instructions, and Times-in-Force available on a system, class, and trading session basis for electronic processing, subject to the restrictions set forth in Rule 5.5 with respect to orders and bulk messages submitted through bulk ports.

(a) *RTH Trading Session*. The Exchange may make the following order types, Order Instructions, and Times-in-Force available for electronic processing during RTH:

(1) *Order Types*: limit order and market order.

(2) *Order Instructions*: AON, Attributable, Book Only, All Sessions, Cancel Back, Compression/PCC, Electronic Only, ISO, MTP Modifier, Minimum Quantity, Non-

Attributable, Post Only, Price Adjust, QCC, Reserve Order, RTH Only, Stop (Stop-Loss), and Stop Limit.

(3) *Times-in-Force*: Day, FOK, GTC, GTD, IOC, LOC, MOC, and OPG.

(4) Complex Orders: complex orders (see Rule 5.33 for types of complex orders) with a ratio greater than or equal to one-to-three (.333) and less than or equal to three-to-one (3.00) (except for Index Combo orders).

(b) *GTH Trading Session.* The Exchange may make the following order types, Order Instructions, and Times-in-Force available for electronic processing during GTH:

(1) *Order Types*: limit order.

(2) *Order Instructions*: AON, Attributable, Book Only, All Sessions, Cancel Back, Compression/PCC, Electronic Only, MTP Modifier, Minimum Quantity, Non-Attributable, Post Only, Price Adjust, Reserve Order, and Stop Limit.

(3) *Times-in-Force*: Day, FOK, GTC, GTD, IOC, OPG.

(4) *Complex Orders*: complex orders (see Rule 5.33 for types of complex orders) with a ratio greater than or equal to one-to-three (.333) and less than or equal to three-to-one (3.00) (except for Index Combo orders).

[Effective October 7, 2019 (SR-CBOE-2019-033), (SR-CBOE-2019-042); amended December 19, 2019 (SR-CBOE-2019-126); amended October 14, 2020 (SR-CBOE-2020-074)]

Rule 5.31. Opening Auction Process

(a) *Definitions.* For purposes of the opening auction process in this Rule 5.31, the following terms have the meaning below. A term defined elsewhere in the Rules has the same meaning with respect to this Rule 5.31, unless otherwise defined below.

Composite Market

The term "Composite Market" means the market for a series comprised of (1) the higher of the then-current best appointed Market-Maker bulk message bid on the Exchange and the ABB (if there is an ABB) and (2) the lower of the then-current best appointed Market-Maker bulk message offer on the Exchange and the ABO (if there is an ABO). The term "Composite Bid (Offer)" means the bid (offer) used to determine the Composite Market.

Composite Width

The term "Composite Width" means the width of the Composite Market (*i.e.*, the width between the Composite Bid and the Composite Offer) of a series.

Maximum Composite Width

The term "Maximum Composite Width" means the amount that the Composite Width of a series may generally not be greater than for the series to open (subject to certain exceptions set forth in subparagraph (e)(1)). The Maximum Composite Widths for all classes are as follows (based on the Composite Bid for a series):

Composite Bid	Maximum Composite Width
0 – 1.99	0.50
2.00 – 5.00	0.80
5.01 – 10.00	1.00
10.01 – 20.00	2.00
20.01 – 50.00	3.00
50.01 – 100.00	5.00
100.01 – 200.00	8.00
≥ 200.01	12.00

The Exchange may modify these amounts during the opening auction process when it deems necessary to maintain a fair and orderly opening process (which modifications the Exchange disseminates to all subscribers to the Exchange's data feeds that deliver opening auction updates).

Opening Auction Updates

The term "opening auction updates" means Exchange-disseminated messages that contain information regarding the expected opening of a series based on orders and quotes in the Queuing Book for the applicable trading session and, if applicable, the GTH Book, including the expected opening price, the then-current cumulative size on each side at or more aggressive than the expected opening price, and whether the series would open (and any reason it would not open pursuant to paragraphs (e) and (j)(6) below).

Opening Collar

The term "Opening Collar" means the price range that establishes limits at or inside of which the System determines the Opening Trade Price for a series. The Opening Collar is determined by determining the midpoint of the Composite Market, and adding and subtracting half of the applicable width amount above and below, respectively, that midpoint. The Opening Collar widths for all classes are as follows (based on the Composite Bid for a series):

Composite Bid	Opening Collar Width
0 – 1.99	0.50
2.00 – 5.00	0.80
5.01 – 10.00	1.00
10.01 – 20.00	2.00
20.01 – 50.00	3.00
50.01 – 100.00	5.00
100.01 – 200.00	8.00

≥ 200.01	12.00

The Exchange may modify these amounts during the opening auction process when it deems necessary to maintain a fair and orderly opening process (which modifications the Exchange disseminates to all subscribers to the Exchange's data feeds that deliver opening auction updates).

Opening Trade Price

The term "Opening Trade Price" means the price at which the System executes opening trades in a series during the opening rotation.

Queuing Book

The term "Queuing Book" means the book into which Users may submit orders and quotes (and onto which GTC and GTD orders remaining on the Book from the previous trading session or trading day, as applicable, are entered) during the Queuing Period for participation in the applicable opening rotation. Orders and quotes on the Queuing Book may not execute until the opening rotation. The Queuing Book for the GTH opening auction process may be referred to as the "GTH Queuing Book," and the Queuing Book for the RTH opening auction process may be referred to as the "RTH Queuing Book."

Queuing Period

The term "Queuing Period" means the time period prior to the initiation of an opening rotation during which the System accepts orders and quotes in the Queuing Book for participation in the opening rotation for the applicable trading session.

(b) *Queuing Period.*

(1) *Time.* The Queuing Period begins at 2:00 a.m. for All Sessions Classes and at 7:30 a.m. for RTH Only Classes.

(2) *Orders and Quotes.* Orders and quotes on the Queuing Book are not eligible for execution until the opening rotation pursuant to paragraph (e) below. During the Queuing Period, the System accepts all orders and quotes that are available for a class and trading session pursuant to Rule 5.30, and they are all eligible for execution during the opening rotation, except as follows:

(A) the System rejects IOC and FOK orders during the Queuing Period;

(B) the System accepts orders and quotes with MTP Modifiers during the Queuing Period, but does not enforce them during the opening rotation;

(C) the System accepts all-or-none, stop, and stop-limit orders during the Queuing Period, but they do not participate in the opening rotation. The System enters any of these orders it receives during the Queuing Period into the Book following completion of the opening rotation (in time priority);

(D) the System converts all ISOs received prior to the completion of the opening rotation into non-ISOs; and

(E) complex orders do not participate in the opening auction process described in this Rule 5.31 and instead may participate in the COB Opening Process pursuant to Rule 5.33(c).

(c) *Opening Auction Updates.* Beginning at 2:00 a.m. for the GTH trading session and at 8:30 a.m. for the RTH trading session, and until the conclusion of the opening rotation for a series, the Exchange disseminates opening auction updates for the series. The Exchange disseminates opening auction updates every five seconds, unless there are no updates to the opening information since the previously disseminated update, in which case the Exchange disseminates updates every minute, to all subscribers to the Exchange's data feeds that deliver these messages until a series opens.

(d) *Opening Rotation Triggers.* Upon the occurrence of one of the following triggers for a class, the System initiates the opening rotation for the series in that class, and the Exchange disseminates a message to market participants indicating the initiation of the opening rotation.

(1) *Regular Trading Hours.* The System initiates the opening rotation as follows:

(A) *Equity Options.* For equity options, the System initiates the opening rotation after a time period (which the Exchange determines for all classes) upon the earlier of:

(i) the passage of two minutes (or such shorter time as determined by the Exchange) after the System's observation after 9:30 a.m. of either the first disseminated transaction or the first disseminated quote on the primary market in the security underlying an equity option; or

(ii) the System's observation after 9:30 a.m. of both the first disseminated transaction and the first disseminated quote on the primary market in the security underlying an equity option; or

(B) *Index Options.* For index options, the System initiates the opening rotation after a time period (which the Exchange determines for all classes) following the System's observation after 9:30 a.m. of the first disseminated index value for the index underlying an index option (except for VIX Index options); or

(C) *VIX Index Options*. For VIX Index options, the System initiates the opening rotation at 9:30 a.m.

(2) *Global Trading Hours.* At 3:00 a.m., the System initiates the opening rotation.

(e) *Opening Rotation.* After the System initiates the opening rotation for a series pursuant to paragraph (d) above, the System conducts the opening rotation as follows.

(1) *Maximum Composite Width Check.*

(A) If the Composite Market of a series is not crossed, and the Composite Width of the series is less than or equal to the Maximum Composite Width, the series is eligible to open (and the System determines the Opening Trade Price pursuant to subparagraph (2) below).

(B) If the Composite Market of a series is not crossed, and the Composite Width of the series is greater than the Maximum Composite Width, but there are (i) no non-M Capacity (a) market orders or (b) buy (sell) limit orders with prices higher (lower) than the Composite Market midpoint and (ii) no orders or quotes marketable against each other, the series is eligible to open (and the System determines the Opening Trade Price pursuant to subparagraph (2) below). (C) If the conditions in neither subparagraph (A) nor (B) are satisfied for a series, or if the Composite Market of a series is crossed, the series is ineligible to open. The Queuing Period for the series continues (including the dissemination of opening auction updates) until one of the conditions in subparagraph (A) or (B) for the series is satisfied, or the Exchange opens the series pursuant to paragraph (h).

(2) *Opening Trade Price Determination.* After a series satisfies the Maximum Composite Width Check in subparagraph (1), if there are orders and quotes marketable against each other at a price not outside the Opening Collar, the System determines the Opening Trade Price for the series. If there are no such orders or quotes, there is no Opening Trade Price. The Opening Trade Price is the volume-maximizing, imbalance minimizing price ("VMIM price") that is not outside the Opening Collar. The VMIM price is:

(A) the price at which the largest number of contracts can execute (*i.e.*, the volume-maximizing price);

(B) if there are multiple volume-maximizing prices, the price at which the fewest number of contracts remain unexecuted (*i.e.*, the imbalance-minimizing price); or

(C) if there are multiple volume-maximizing, imbalance-minimizing prices, (i) the highest (lowest) price, if there is a buy (sell) imbalance, or (ii) the price at or nearest to the midpoint of the Opening Collar, if there is no imbalance.

(3) *Opening of a Series.*

(A) *Opening Trade.* If the System establishes an Opening Trade Price, the System executes orders and quotes in the Queuing Book at the Opening Trade Price.

(i) The System prioritizes orders and quotes in the following order: market orders, limit orders and quotes with prices better than the Opening Trade Price, and orders and quotes at the Opening Trade Price.

(ii) The System allocates orders and quotes at the same price on a pro-rata basis pursuant to Rule 5.32. The System applies a Priority Customer overlay to all classes, except for SPX (including SPXW) and VIX (excluding VIXW).

(B) *No Opening Trade.* If there is no Opening Trade Price, the System opens a series without a trade.

(f) *Unexecuted Orders and Quotes.* Following the conclusion of the opening rotation, the System enters any unexecuted orders and quotes (or remaining portions) from the Queuing Book into the Book in time sequence (subject to a User's instructions), where they may be processed in accordance with Rule 5.32. The System cancels any unexecuted OPG orders (or remaining portions) following the conclusion of the opening rotation

(g) *Opening Auction Process Following Trading Halts.* The Exchange opens series using the same opening auction process described in this Rule following a trading halt in the class declared by the Exchange pursuant to Rule 5.20, except:

(1) *Queuing Period.* The Queuing Period begins immediately when the Exchange halts trading in the class.

(2) *Open Orders.* If a User has orders or quotes resting on the Book at the time of a trading halt, the System queues those orders and quotes in the Queuing Book for participation in the opening rotation following the trading halt, unless the User entered instructions to cancel its resting orders and quotes.

(3) *Opening Time.* The System initiates the opening rotation for a class upon the Exchange's determination to resume trading pursuant to Rule 5.20.

(h) *Deviation from Standard Opening Auction Process.* The Exchange may deviate from the standard manner of the opening auction process described in this Rule 5.31, including adjusting the timing of the opening rotation in any option class, modifying any time periods described in this Rule 5.31, and delaying or compelling the opening of a series if the opening width is wider than the Maximum Composite Width, when it believes it is necessary in the interests of a fair and orderly market. The Exchange makes and maintains records to document all determinations to deviate from the standard manner of the opening auction process, and periodically reviews these determinations for consistency with the interests of a fair and orderly market.

(i) *Limit Up-Limit Down States.* If the underlying security for a class is in a limit up-limit down state when the opening rotation begins for that class, then the System cancels or rejects all market orders. In addition, if the opening rotation has already begun for a class when a limit up-limit down state initiates for the underlying security of that class, market and limit orders will continue through the end of the opening rotation.

(j) *Modified Opening Auction Process.* All provisions set forth above in this Rule 5.31 apply to the opening of SPX constituent option series for Regular Trading Hours on exercise settlement value determination days, except as otherwise provided in this paragraph (j) ("modified opening auction process"). The Exchange uses the opening trade prices of SPX series that comprise the settlement strip (or the average of a series' opening bid and ask (which ask price equals $0.05 if the series opens

with unexecuted sell market orders) if there is no opening trade in that series) established by the modified opening auction process to calculate the exercise or final settlement value, as applicable, of expiring VIX derivatives.

(1) *Definitions.* For purposes of the modified opening auction process, the following terms have the meanings below:

VIX Derivatives

The term "VIX derivatives" means VIX options listed for trading on the Exchange (as determined under Rule 4.11), VIX futures listed for trading on an affiliated designated contract market, or over-the-counter derivatives overlying VIX whose exercise or final settlement values, as applicable, are calculated pursuant to, or by reference to, as applicable, the modified opening auction process.

Exercise Settlement Value Determination Day

The term "exercise settlement value determination day" means a day on which the Exchange determines the exercise or final settlement value, as applicable, of expiring VIX derivatives.

Constituent Option Series

The term "constituent option series" means all SPX (including SPXW) option series listed on the Exchange with the expirations the Exchange uses to calculate the exercise or final settlement value of the expiring VIX derivative on exercise settlement value determination days.

Maximum Composite Width

The term "Maximum Composite Width" has the meaning set forth in paragraph (a) above, except the following Maximum Composite Widths apply to constituent option series on exercise settlement value determination days:

Composite Bid	Maximum Composite Width
0 – 0.25	0.25
0.25 – 0.50	0.30
0.51 – 1.00	0.35
1.01 – 2.00	0.40
2.01 – 5.00	0.60
5.01 – 10.00	0.70
10.01 – 20.00	1.00
20.01 – 30.00	1.80
30.01 – 40.00	2.40
40.01 – 50.00	3.00
50.01 – 100.00	6.00
100.01 – 200.00	9.00
≥ 200.01	14.00

Opening Collar

The term "Opening Collar" has the meaning set forth in paragraph (a) above, except the following Opening Collar widths apply to constituent option series on exercise settlement value determination days:

Composite Bid	Opening Collar Width
0 – 0.25	0.25
0.25 – 0.50	0.30
0.51 – 1.00	0.35
1.01 – 2.00	0.40
2.01 – 5.00	0.60
5.01 – 10.00	0.70
10.01 – 20.00	1.00
20.01 – 30.00	1.80
30.01 – 40.00	2.40
40.01 – 50.00	3.00
50.01 – 100.00	6.00
100.01 – 200.00	9.00
≥ 200.01	14.00

Settlement Strip

The term "settlement strip" means the constituent option series used to calculate the exercise or final settlement value, as applicable, of expiring VIX derivatives.

(A) The Exchange determines the highest call strike and lowest put strike that establish the "strike range" for the settlement strip pursuant to an algorithm.

(B) The at-the-money strike price is determined in accordance with the VIX methodology, using opening bid and offer information of each constituent option series.

(C) The Exchange disseminates the highest call strike and lowest put strike of the strike range to all subscribers through the Exchange's data feeds that deliver opening auction update messages, no later than 8:45 a.m. on exercise settlement value determination days.

(D) Each call (put) constituent option series with a strike price not outside the strike range (*i.e.*, a strike price equal to or greater (less) than the at-the-money strike price up (down) to the highest call (lowest put) strike of the strike range) is included in the settlement strip.

(E) The Exchange may update the strike range until 9:15 a.m. pursuant to an algorithm due to changes to the value of VIX, prices of related futures, or other

algorithmic inputs. The Exchange disseminates any updates as soon as reasonably possible.

Settlement Liquidity Opening Order and SLOO

The terms "settlement liquidity opening order" and "SLOO" mean a limit order in a constituent option series designated with an OPG Time-in-Force that Users may only submit to the Exchange on exercise settlement value determination days following the cut-off time described in subparagraph (3) below. The System cancels a SLOO (or remaining portion) that does not execute during the modified opening auction process. Users may not designate bulk messages as SLOOs.

(A) If the limit price of a buy (sell) SLOO crosses the midpoint of the then-current Opening Collar upon entry, the System adjusts its price to equal the midpoint of the Opening Collar (rounded up (down) to the nearest minimum increment), except for a sell SLOO when the midpoint is less than or equal to 0.175. If the midpoint of the Opening Collar changes during the Queuing Period, the System re-adjusts the SLOO's price to equal to the new Opening Collar midpoint (rounded as provided above), up to its limit price.

(B) The prices of SLOOs in the Queuing Book are not disseminated in the Exchange's Multicast PITCH and Multicast TOP data feeds.

(2) *Exchange Determinations.*

(A) To the extent the Exchange makes a determination for the opening auction process pursuant to this Rule 5.31, it may make a separate determination for the modified opening auction process pursuant to this paragraph (j), including but not limited to (i) the Opening Collar width, (ii) the Maximum Composite Width, and (iii) the time intervals at which the Exchange disseminates opening auction updates.

(B) The Exchange may determine it is necessary in the interests of a fair and orderly market (for example, due to the existence of unusual market conditions or circumstances) to delay the time at which the System begins attempting to observe an opening rotation trigger pursuant to subparagraph (d)(1) above for the modified opening auction process. If that occurs, the Exchange determines a revised time and announces it to market participants as soon as reasonably possible. Additionally, to correspond to that revised time, the Exchange adjusts (i) the times at which it determines the strike range of the settlement strip as described in subparagraph (1) above, and (ii) the cut-off time described in subparagraph (3) below.

(C) The Exchange may determine it is necessary in the interests of a fair and orderly market (for example, due to the existence of unusual market conditions or circumstances) to not use the modified opening auction process described in this paragraph (j). If that occurs, the Exchange will announce that to market participants as soon as reasonably possible.

(D) The Exchange maintains and reviews records of any determinations it makes pursuant to this subparagraph (j)(2) in accordance with paragraph (h) above.

(3) *Order Entry Cut-Off Time.* During the Queuing Period, the System accepts orders and quotes in constituent option series as follows, subject to paragraph (b)(2) above.

(A) The System accepts all orders and quotes (except SLOOs, which the System rejects), and any changes to or cancellations of those orders and quotes, prior to 9:20 a.m.

(B) After 9:20 a.m. (until the opening of trading in a series), the System only accepts (A) SLOOs (including changes to and cancellations of SLOOs); and (B) bulk message bids and offers (including changes to and cancellations of bulk message bids and offers submitted before and after the cut-off time) from Market-Makers with an SPX appointment. The System rejects all other orders and quotes (and all other changes to and cancellations of orders and quotes submitted prior to the cut-off time).

(4) *Opening Auction Updates.* The Exchange disseminates opening auction updates for constituent series as set forth in paragraph (c) above, except the Exchange disseminates updates every five seconds, regardless of whether there are updates to the opening information since the previously disseminated update.

(5) *SPX Option Series Opening Sequence.* On exercise settlement value determination days, following the opening trigger as set forth in subparagraph (d)(1)(B), the System initiates the opening rotation process for SPX option series in the following sequence:

(i) at-the-money ("ATM") (including series 5.00 above or below, as applicable, the then-current index level) and out-of-the-money ("OTM") constituent series in order from closest to furthest away from the ATM strike (if a put and call are the same distance away from the ATM strike, the System opens them randomly);

(ii) all other constituent series (*i.e.*, in-the-money constituent series) in order from closest to furthest away from the ATM strike (if a put and call are the same distance away from the ATM strike, the System opens them randomly); and

(iii) all non-constituent series in a random order.

(6) *Opening Rotation.* On exercise settlement value determination days, the opening rotation process occurs as set forth in paragraph (e) above, except the System performs the Maximum Composite Width Check and determines the Opening Trade Price pursuant to this subparagraph (6), in lieu of subparagraphs (e)(1) and (2), respectively.

(A) *Maximum Composite Width Check.*

(i) If the Composite Market of the series is not crossed and the Composite Width of the series is less than or equal to the Maximum Composite Width, the series is eligible to open (and the System determines the Opening Trade Price pursuant to subparagraph (B) below).

(ii) If the Composite Width of the series is greater than the Maximum Composite Width or the Composite Market of the series is crossed, the series is ineligible to open. The Queuing Period for the series continues (including the dissemination of opening auction updates) until the condition in subparagraph (i) is satisfied, or the Exchange opens the series pursuant to paragraph (h).

(B) *Opening Trade Price Determination.* After a series satisfies the Maximum Composite Width Check in subparagraph (A), if there are orders and quotes marketable against each other at a price not outside the Opening Collar, the System determines the Opening Trade Price for the series. If there are no such orders or quotes, there is no Opening Trade Price.

(i) The System determines the VMIM price pursuant to subparagraphs (e)(2)(A) through (C) above.

(ii) If (a) the VMIM price is not outside the Opening Collar, (b) there would be no unexecuted buy market orders (or remaining portions), and (c) there would be no unexecuted sell market orders (or remaining portions) unless the low end of the Opening Collar equals $0.05, the VMIM price is the Opening Trade Price, and the System opens the series pursuant to subparagraph (e)(3) above.

(iii) If (a) the VMIM price is outside the Opening Collar, (b) there would be unexecuted buy market orders (or remaining portions), or (c) there would be unexecuted sell market orders (or remaining portions) and the low end of the Opening Collar is greater than $0.05, the series does not open. The Queuing Period for the series continues (including the dissemination of opening auction updates) until none of the conditions in clauses (a) through (c) are present, or the Exchange opens the series pursuant to paragraph (h).

(7) *Opening Rotation Self-Trades.* A User may submit multiple orders and quotes in accordance with subparagraph (3) above. If, during the opening rotation, the System executes an order or quote of that User against another order or quote of that User, the Exchange does not deem that fact alone to cause these executions to be considered violations of Section 9(a)(1) of the Exchange Act, and instead will evaluate other facts and circumstances. The Exchange reviews all activity, including these executions, during the modified opening auction process for compliance with the Exchange Act and the Rules, including Rule 8.6 (which prohibits manipulation).

[Effective October 7, 2019 (SR-CBOE-2019-034); amended December 2, 2019 (SR-CBOE-2019-110); amended December 4, 2019 (SR-CBOE-2019-115); amended January 2, 2020 (SR-CBOE-2020-002); amended March 12, 2020 (SR-CBOE-2020-013)]

Rule 5.32. Order and Quote Book Processing, Display, Priority, and Execution

(a) *Priority and Allocation.* The Exchange determines which base allocation algorithm in subparagraph (1), and whether one or more of the priority overlays in subparagraph (2), applies on a class-by-class basis. Pursuant to any allocation algorithm and any priority overlay, the System only allocates to an order or quote (including a bulk message bid or offer) up to the number of contracts of that order or quote at the execution price.

(1) *Base Allocation Algorithms.*

(A) *Price-Time.* Resting orders and quotes on the Book with the highest bid and lowest offer have priority. If there are two or more resting orders or quotes at the same price, the System prioritizes them at the same price in the order in which the System received them (*i.e.*, in time priority).

(B) *Pro-Rata.* Resting orders and quotes on the Book with the highest bid and lowest offer have priority. If there are two or more resting orders at the same price, the System allocates orders proportionally according to size (*i.e.*, on a pro-rata basis). The System allocates executable quantity to the nearest whole number, with fractions ½ or greater rounded up (in size-time priority) and fractions less than ½ rounded down. If the executable quantity cannot be evenly allocated, the System distributes remaining contracts one at a time in size-time priority to orders that were rounded down.

(2) *Priority Overlays.* The Exchange may apply one or more of the priority overlays to a class in any sequence, except if the Exchange applies any participation entitlement pursuant to subparagraph (B) or the small order priority pursuant to subparagraph (C), it must apply the Priority Customer overlay in subparagraph (A) ahead of the participation entitlement and small-size order priority in the priority sequence. After the System executes an incoming order subject to the applicable priority overlays, the System executes any remaining orders resting on the Book (which are non-Priority Customer orders if the Exchange applies any of the overlays in subparagraphs (A) through (C)) pursuant to the applicable base allocation algorithm.

(A) *Priority Customer Overlay.* A Priority Customer order at the highest bid or lowest offer has priority over orders and quotes of all other market participants at that price. If there are two or more Priority Customer orders at the same price, the System prioritizes them in the order in which the System received them (*i.e.*, in time priority).

(B) *DPM/LMM/PMM Participation Entitlement.* The Exchange may apply one or more of the DPM, LMM, and PMM participation entitlements (in any sequence) to a class. If the DPM, LMM, or PMM, as applicable, has a quote at the highest bid or lowest offer, it will receive the greater of (i) the number of contracts it would receive pursuant to the applicable base allocation algorithm and (ii) 50% of the contracts if there is one other non-Priority Customer order or quote, 40% of the contracts if there

are two non-Priority Customer orders or quotes, or 30% of the contracts if there are three or more non-Priority Customer orders or quotes on the Book at that price.

(i) Only one participation entitlement may apply to a trade (*e.g.*, if the Exchange applies a PMM participation entitlement and DPM participation entitlement to a class, with the PMM participation entitlement ahead of the DPM participation entitlement in the priority sequence, and both a PMM and DPM have a quote at the highest bid or lowest offer, the PMM will receive an entitlement on a trade and the DPM will not).

(ii) The participation entitlement is based on the number of non-Priority Customer contracts remaining after the Priority Customer overlay is applied.

(iii) If the Exchange appoints both an On-Floor LMM or DPM and Off-Floor DPM or LMM to a class, the On-Floor LMM or DPM, as applicable, may receive a participation entitlement with respect to orders represented in open outcry but not for orders executed electronically, and an Off-Floor DPM or LMM, as applicable, may receive a participation entitlement with respect to orders executed electronically but not orders represented in open outcry.

(iv) The DPM/LMM/PMM participation entitlement does not apply during Global Trading Hours.

(C) *Small-Size Order Entitlement (1 – 5 Lot).* If an incoming order or quote has five or fewer contracts ("small-size order"), and the DPM or LMM in the class, as applicable, has a quote at the highest bid or lowest offer, it has priority to execute against the entire size of the order or quote that does not execute against any Priority Customer orders at that price.

(i) If a small-size order is preferred to a PMM, the PMM has a quote at the BBO, and the Exchange has applied the PMM participation entitlement, the PMM receives its participation entitlement, and the small-size order entitlement does not apply to execution of that order. If the PMM does not have a quote at the BBO, but the DPM or LMM, as applicable, in the class does have a quote at the BBO, then the DPM or LMM receives the small-size order entitlement.

(ii) If a small-size order is preferred to a DPM or LMM, the DPM or LMM as applicable, as a quote at the BBO, and the Exchange has applied the PMM and DPM or LMM participation entitlement, the DPM or LMM receives the small-size order entitlement, and the participation entitlement does not apply to execution of that order.

(iii) The small-size order entitlement does not apply to executions following auctions.

(iv) The Exchange reviews this provision on a quarterly basis, and will reduce the size of small-size orders if they comprise more than 40% of the volume

executed on the Exchange (excluding volume resulting from the execution of orders in AIM).

(D) *Market Turner Priority.* A "Market Turner" is a TPH that first entered an order or quote at a better price than the previous highest bid or lowest offer, which order is continuously on the Book (and not modified in a manner that changes it priority) until it trades. A Market Turner has priority to execute against 50% of the size of an incoming order or quote, or against the number of contracts remaining after any priority overlays ahead of the Market Turner Priority are applied, at the highest bid or lowest offer the Market Turner established.

(i) There may be a Market Turner for each price at which a particular order or quote trades.

(ii) Market Turner priority remains with an order or quote once established (*i.e.*, if the market moves in the same direction as the Market Turner's order or quote moved the market, and then moves back to the Market Turner's original price, the Market Turner retains priority at that original price).

(iii) Any unexecuted portion of a Market Turner order or quote retains its Market Turner priority at its original price.

(iv) Market Turner priority may not be established until after the market open. Once established, Market Turner priority remains in effect for an order or quote until the market close.

(v) If a Preferred Market-Maker receives a participation entitlement for an order pursuant to subparagraph (B) above, no Market Turner priority applies to the execution of that order.

(3) *Additional Priority Rules.*

(A) *Undisplayed Orders.* Displayed orders at a given price have priority over nondisplayed orders.

(B) *Reserve Orders.* Priority Customer Reserve Quantities at the same price execute in time sequence, and non-Priority Customer Reserve Quantities execute in accordance with the applicable base allocation algorithm.

(C) *All-or-None Orders.* An AON order is always last in priority order (including after nondisplayed Reserve Quantity). The System allocates AON orders at the same price based on the time the System receives them (*i.e.*, in time priority), except if the Exchange applies the Priority Customer overlay to a class, Priority Customer AON orders have priority over non-Priority Customer AON orders.

(i) A transaction may occur at the same price as an AON order resting on the Book without the AON order participating in the transaction.

(ii) Notwithstanding subparagraph (1) above, a transaction may occur at a price lower (higher) than an AON order bid (offer) resting on the Book if the size of the resting AON order cannot be satisfied.

(b) *Price Adjust.*

(1) The System adjusts the price ("Price Adjust") of an order designated as Price Adjust (or an order not designated as Cancel Back) as follows:

(A) Incoming Non-AON Orders. If a buy (sell) non-AON order at the time of entry, would lock or cross:

(i) a Protected Quotation of another options exchange or the Exchange, the System ranks and displays the order at one minimum price variation below (above) the current NBO (NBB); or

(ii) the offer (bid) of a sell (buy) AON order resting on the Book at or better than the Exchange's best offer (bid), the System ranks the resting AON order one minimum price variation above (below) the bid (offer) of the non-AON order.

(B) Incoming AON Orders. If a buy (sell) AON order, at the time of entry, would:

(i) cross a Protected Offer (Bid) of another options exchange or a sell (buy) AON order resting on the Book at or better than the Exchange's best offer (bid), the System ranks the incoming AON order at a price equal to the Protected Offer (Bid) or the offer (bid) of the resting AON order, respectively; or

(ii) lock or cross a Protected Offer (Bid) of the Exchange, the System ranks the incoming AON order at a price one minimum price variation below (above) the Protected Offer (Bid).

(2) If the circumstances that caused the System to adjust the price of an order pursuant to subparagraph (1) change so that it would not lock or cross, as applicable, a Protected Quotation or an AON resting on the Book at a price at or better than the BBO, the System gives the Price Adjust order a new timestamp. The System ranks or displays the order at a price that locks or is one minimum price variation away from the new Protected Quotation or AON resting on the Book at or better than the BBO, as applicable. All Price Adjust orders that are re-ranked and re-displayed (if applicable) retain their priority as compared to other Price Adjust orders based upon the time the System initially received the orders. Following the initial ranking and display (if applicable) of a Price Adjust order, an order will only be re-ranked and re-displayed (if applicable) to the extent it achieves a more aggressive price up to its limit price.

(3) The System adjusts the ranked and displayed price of an order subject to Price Adjust once or multiple times depending upon the User's instructions and changes to the prevailing NBBO.

(4) The System does not display a Price Adjust limit order at any price worse than its limit price.

(c) *Additional Order Handling*.

(1) *Trade-Through Prevention.* Subject to the exceptions contained in Rule 5.66, the System does not execute an order at a price that trades through a Protected Quotation of another options exchange. The System routes an order a User designates as routable in compliance with applicable Trade-Through restrictions. The System cancels or rejects any order not eligible for routing or the Price Adjust process that is entered with a price that locks or crosses a Protected Quotation of another options exchange.

(2) *Stop and Stop-Limit Orders.* The System cancels or rejects a buy (sell) Stop or Stop-Limit order if the NBB (NBO) at the time the System receives the order is equal to or above (below) the stop price. The System accepts a buy (sell) Stop or Stop-Limit order if the consolidated last sale price at the time the System receives the order is equal to or above (below) the stop price.

(3) *GTC and GTD Orders.* The System cancels or rejects a GTC or GTD order in an adjusted series.

(4) *MTP Modifiers.* The System does not execute an order with an MTP Modifier entered into the System against an order entered with an MTP Modifier and the same Unique Identifier, and instead handles them in accordance with Rule 5.7(c).

(5) *Market, MOC, and Stop Orders During Limit Up-Limit Down State.*

(A) The System cancels or rejects a market order to buy or sell an option traded on the Exchange if the System receives it when the underlying security is in a limit up-limit down state.

(B) A MOC order is not elected if the underlying security is in a limit up-limit down state three minutes prior to the RTH market close. If the limit up-limit down state ends prior to the RTH market close, the System attempts to reevaluate, elect, and execute the order.

(C) A stop order is not triggered if the underlying security is in a limit up-limit down state, and instead is held until the end of the limit up-limit down state, at which point the order becomes eligible to be triggered if the market for the particular option contract reaches the specified contract price.

(6) *Bulk Messages and Orders Submitted Through Bulk Port.* The System cancels or rejects a Book Only bulk message bid (offer) or order bid (offer) (or unexecuted portion) submitted by a Market-Maker with an appointment in the class through a bulk port if it would execute against a resting offer (bid) with a Capacity of M.

(d) *Decrementation*. Upon execution, the System decrements an order or quote by an amount equal to the size of that execution. Any unexecuted portion of the order or quote retains its priority position.

(e) *Cancel/Replace*. Depending on how an order is modified, the order may change priority position as follows:

(1) If the price of an order is changed, the order loses position and is placed in a priority position as if the System received the order at the time the order was changed.

(2) If the quantity of an order is decreased, it retains its priority position.

(3) If the quantity of an order is increased, it loses its priority position and is placed in a priority position as if the System received the order at the time the quantity of the order is increased.

(f) *Price Improvement.* Unless expressly stated otherwise, any potential price improvement resulting from an execution in the System accrues to the incoming order that removes liquidity previously posted in the Book.

(g) *Single-Leg Compression Orders.* A Compression order with one leg executes automatically on entry against another Compression order(s) (entered as a paired order) without exposure if the execution price:

(1) is not at the same price as a Priority Customer order resting in the Book; and

(2) is at or between the NBBO.

The System cancels a Compression order if it cannot execute.

[Effective October 7, 2019 (SR-CBOE-2019-033), (SR-CBOE-2019-042); amended October 14, 2020 (SR-CBOE-2020-074)]

Rule 5.33. Complex Orders

Trading of complex orders (as defined in Rule 1.1) is subject to all other Rules applicable to the trading of orders, unless otherwise provided in this Rule 5.33.

(a) *Definitions.* For purposes of this Rule 5.33, the following terms have the meanings below. A term defined elsewhere in the Rules has the same meaning with respect to this Rule 5.33, unless otherwise defined below.

Complex Order

The term "complex order" has the meaning set forth in Rule 1.1.

Complex Order Auction and COA

The terms "Complex Order Auction" and "COA" mean an auction of a complex order as set forth in paragraph (d) below.

Complex Order Book and COB

The terms "Complex Order Book" and "COB" mean the Exchange's electronic book of complex orders maintained by the System, which single book is used during both the RTH and GTH trading sessions.

Complex Strategy

The term "complex strategy" means a particular combination of components and their ratios to one another. New complex strategies can be created as the result of the receipt of a complex instrument creation request or complex order for a complex strategy that is not currently in the System. The Exchange may limit the number of new complex strategies that may be in the System at a particular time.

Legging

The term "Legging" is defined in paragraph (g) below.

Regular Trading

The term "regular trading" means trading of complex orders that occurs during a trading session other than: (1) at the opening of the COB or re-opening of the COB for trading following a halt (described in paragraph (c) below) or (2) during the COA process (described in paragraph (d) below).

Synthetic Best Bid or Offer and SBBO

The terms "Synthetic Best Bid or Offer" and "SBBO" mean the best bid and offer on the Exchange for a complex strategy calculated using:

(1) for complex orders, the BBO for each component (or the NBBO for a component if the BBO for that component is not available) of a complex strategy from the Simple Book; and

(2) for stock-option orders, the BBO for each option component (or the NBBO for a component if the BBO for that component is not available) and the NBBO of the stock component of a complex strategy.

Synthetic National Best Bid or Offer and SNBBO

The terms "Synthetic National Best Bid or Offer" and "SNBBO" mean the national best bid and offer for a complex strategy calculated using:

(1) for complex orders, the NBBO for each component of a complex strategy, and

(2) for stock-option orders, the NBBO for each option component and the NBBO of the stock component of a complex strategy.

(b) *Types of Complex Orders.* Complex orders are available in all classes listed for trading on the Exchange. Complex orders may be market or limit orders.

(1) The Exchange determines which Times-in-Force of Day, GTC, GTD, IOC, or OPG as such terms are defined in Rule 5.6(d) are available for complex orders (including for eligibility to enter the COB and initiate a COA).

(2) The Exchange determines which Capacities (*i.e.*, non-broker-dealer customers, broker-dealers that are not market-makers on an options exchange, or market-makers on an options exchange) are eligible for COA or for entry into the COB. Complex orders submitted to the Exchange with Capacities not eligible for COA or entry into the COB route to PAR for manual handling or are cancelled, subject to a User's instructions.

(A) In a class in which the Exchange determines complex orders with Capacity M or N are not eligible for entry into the COB, the Exchange may determine that a complex order with Capacity M or N may enter the COB if:

(i) the complex order is on the opposite side of (a) a Priority Customer complex order(s) resting in the COB with a price not outside the SNBBO; or (b) orders on the same side of the market in the same complex strategy that initiated a COA(s) if there are "x" number of COAs within "y" milliseconds, counted on a rolling basis (the Exchange determines the number "x" (which must be at least two) and the time period "y" (which may be no more than 2,000); and

(ii) the User cancels the complex order, if it remains unexecuted, no later than a specified time (which the Exchange determines and may be no more than five minutes) after the time the COB receives the M or N complex order.

(3) Users may designate complex orders as Attributable or Non-Attributable.

(4) Users may not submit complex orders through bulk ports.

(5) The System also accepts the following instructions for complex orders:

All Sessions

An "All Sessions" complex order is a complex order a User designates as eligible to trade during both GTH and RTH. An unexecuted All Sessions complex order on the COB at the end of a GTH trading session remains on the COB and becomes eligible for execution during the RTH COB Opening Process or trading session on that same trading day, subject to a User's instructions. A User may not designate an All Sessions complex order as Direct to PAR.

AON

An "AON" complex order is a complex order that is to be executed in its entirety or not at all. An AON complex order may only execute following a COA, and is not eligible to rest in the COB.

Book Only

A "Book Only" complex order is a complex order the System ranks and executes pursuant to this Rule 5.33 or cancels or rejects, as applicable (in accordance with the User's instructions). A User may not designate a Book Only order as Direct to PAR.

COA-Eligible and Do-Not-COA

(A) *COA-Eligible.* A "COA-eligible" complex order is a buy (sell) complex order with User instructions to (or which default to) initiate a COA that is priced (i) equal to or lower (higher) than the SBO (SBB) (provided that if any of the bids or offers on the Simple Book that comprise the SBO (SBB) is represented by a Priority Customer order, the complex order must be priced at least one minimum increment lower (higher) than the SBO (SBB)) and (ii) lower (higher) than the price of sell (buy) complex orders resting at the top of the COB.

(B) *Do-Not-COA.* A "do-not-COA" complex order is a complex order with User instructions to not (or which default to not) initiate a COA (including a Post Only complex order) or that does not satisfy the COA-eligibility requirements in subparagraph (A).

(C) *Default Instructions.*

(i) Upon receipt of an IOC complex order, the System does not initiate a COA unless a User marked the order to initiate a COA, in which case the System cancels any unexecuted portion at the end of the COA.

(ii) Upon receipt of a complex order with any Time-in-Force other than IOC (except OPG), the System initiates a COA unless a User marked the order to not initiate a COA.

(iii) A Post Only complex order with any Time-in-Force does not initiate a COA, and if a User marks a Post Only complex order to initiate a COA, the System cancels that order.

(iv) An incoming AON complex order initiates a COA, and if a User marks an AON complex order to not initiate a COA, or an AON complex order does not satisfy the COA eligibility criteria in subparagraph (d)(1) below, the System cancels the AON complex order.

Complex Only

A "Complex Only" order is a Day or IOC complex order a Market-Maker may designate to execute only against complex orders in the COB and not Leg into the Simple Book. Unless designated as Complex Only, and for all other Times-in-Force and complex order Capacities, a complex order may execute against complex orders in the COB and may Leg into the Simple Book.

Compression or PCC Order

A "Compression" or "PCC" order is a complex order that satisfies the definition of Compression order in Rule 5.6(c).

Delta-Adjusted at Close or DAC

A "Delta-Adjusted at Close" or "DAC" complex order is a complex order for which the System delta adjusts its execution price after the market close.

(A) The delta-adjusted execution price equals the original execution price plus the delta value times the difference between the official closing price or index value of the underlying on the transaction date and the reference price or index value of the underlying ("reference price").

(B) Upon order entry for electronic execution, a User must designate a delta value per leg and may designate a reference price. If no reference price is designated, the System will include the price or value of the underlying at the time of order entry as the reference price.

(C) Upon order entry for open outcry execution, a User may designate a delta value for one or more legs and/or a reference price. During the open outcry auction, in-crowd market participants will determine the final delta value(s) and/or reference price, which may differ from any delta value or reference price designated by the submitting User. The final delta value(s) and reference price would be reflected in the final terms of the execution.

A DAC complex order may only be submitted in options on ETPs and indexes for execution in a FLEX complex electronic auction or open outcry auction on the Exchange's trading floor pursuant to Rule 5.72. A DAC complex order submitted for execution in open outcry may only have a Time-in-Force of Day. A User may not designate a DAC complex order as All Sessions.

Index Combo

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.

(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.

MTP Modifiers

Users may apply the following MTP Modifiers to complex orders: MTP Cancel Newest, MTP Cancel Oldest, and MTP Cancel Both. If a complex order would execute against a complex order in the COB with an MTP Modifier and the same Unique Identifier, the System handles the complex orders with these MTP Modifiers as described in Rule 5.6(c). If a complex order with an MTP Modifier would Leg into the Simple Book and execute against any leg on the Simple Book with an MTP Modifier and the same Unique Identifier, the System cancels the complex order.

Post Only

A "Post Only" complex order is a complex order the System ranks and executes pursuant to this Rule 5.33 or cancels or rejects, as applicable (in accordance with the User's instructions), except the order may not remove liquidity from the COB or the Simple Book. The System cancels or rejects a Post Only market complex order unless it is subject to the drill-through protection in Rule 5.34(b). A User may not designate a Post Only order as Direct to PAR.

Related Futures Cross or RFC

For purposes of electronic trading, a "Related Futures Cross" or "RFC" order is an SPX or VIX complex order comprised of an option combo order coupled with a contra-side order or orders totaling an equal number of option combo orders. For purposes of open outcry trading, an RFC order is an SPX or VIX complex order comprised of an option combo that may execute against a contra-side RFC order or orders totaling an equal number of option combo orders. An RFC order must be identified to the Exchange as being part of an exchange of option contracts for related futures positions. For purposes of this order instruction:

(A) An SPX or VIX option combo order is a two-legged order with one leg to purchase (sell) SPX or VIX calls and another leg to sell (purchase) the same number of SPX or VIX, respectively, puts with the same expiration date and strike price.

(B) An exchange of option contracts for related futures positions is a transaction entered into by market participants seeking to swap option positions with related futures positions with related exposures.

(i) A related futures position is a position in a futures contract with either the same underlying as or a high degree of price correlation to the underlying of the option combo in the RFC order so that execution of the option combos in the RFC order would serve as an appropriate hedge for the related future positions.

(ii) In an exchange of contracts for related positions, one party(ies) must be the buyer(s) of (or the holder(s) of the long market exposure associated with) the options positions and the seller(s) of corresponding futures contracts and the other party(ies) must be the seller(s) of (or holder(s) of the short market exposure associated with) the options positions and the buyer(s) of the corresponding futures contracts. The quantity of the option contracts executed

as part of the RFC order must correlate to the quantity represented by the related futures position portion of the exchange.

RTH Only

An "RTH Only" complex order is a complex order a User designates as eligible to trade only during RTH or not designated as All Sessions. An unexecuted RTH Only complex order with a Time-in-Force of GTC or GTD on the COB at the end of an RTH trading session remains on the COB and becomes eligible for execution during the RTH trading session on the following trading day (but not during the GTH trading session on the following trading day), subject to a User's instructions.

QCC with Stock Order

A "QCC with Stock Order" is a QCC Order (including a Complex QCC Order), as defined in Rule 5.6(c), entered with a stock component to be electronically communicated by the Exchange to a designated broker-dealer for execution on behalf of the submitting User pursuant to subparagraph (l)(3) below. QCC with Stock Orders are available to Users on a voluntary basis. A User may not designate a QCC with Stock Order as Direct to PAR.

Stock-Option Order

A "stock-option order" is 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 (i) the same number of units of the underlying stock or convertible security or (ii) 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. 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 this Rule.

(c) *COB Opening Process (Including After a Trading Halt).* The COB Opening Process occurs at the beginning of each trading session and after a trading halt.

(1) *Complex Order Entry Period.* The System accepts complex orders for inclusion in the COB Opening Process at the times and in the manner set forth in Rules 5.7 and 5.31(b), except the Queuing Period for complex orders ends when the complex strategy opens. Complex orders entered during the Queuing Period are not eligible for execution until the initiation of the COB Opening Process. Beginning at (A) 2:00 a.m. for All Sessions classes for the GTH trading session and (B) 8:30 a.m. for RTH Only classes and 9:15 a.m. for All Sessions classes for the RTH trading session, and updated every five seconds thereafter until the initiation of the COB Opening Process, the Exchange disseminates indicative prices and order imbalance information based on complex orders queued in the System for the COB Opening Process.

(2) *Initiation of COB Opening Process.* The System initiates the COB Opening Process for a complex strategy after a number of seconds (which number the Exchange determines) after all legs of the strategy in the Simple Book are open for trading. All complex orders the System receives prior to opening a complex strategy as set forth in this subparagraph (2) (including any delay applied by the Exchange pursuant to this subparagraph (2) and subparagraph (C) below) are eligible to be matched in the COB Opening Process pursuant to this subparagraph (2) and not during the Opening Auction Process described in Rule 5.31.

(A) *COB Opening Price.* If there are matching complex orders in a complex strategy, the System determines the COB opening price, which is the price at which the most complex orders can trade. If there are multiple price levels that would result in the same number of complex orders executed, the System chooses the price that would result in the smallest remaining imbalance as the COB opening price. If there are multiple price levels that would result in the same number of complex orders executed and the same "smallest" imbalance, the System chooses the price closest to the midpoint of the (i) SNBBO or (ii) if there is no SNBBO available, the highest and lowest potential opening prices as the COB opening price. If the midpoint price would result in an invalid increment, the System rounds the COB opening price up to the nearest permissible increment. If the COB opening price would require printing at the same price as a Priority Customer on any leg in the Simple Book, the System adjusts the COB opening price to a price that is better than the corresponding bid or offer in the marketplace by at least one minimum increment.

(B) *Transition to Regular Trading.* After the System determines a COB opening price, the System executes matching complex orders at the COB opening price in price priority (*i.e.*, orders better than the COB opening price are executed first and thereafter orders at the COB opening price are executed), and then pursuant to the allocation algorithm applicable to the class pursuant as set forth in subparagraph (d)(5)(A)(ii) below. The System enters any remaining complex orders (or unexecuted portions) into the COB, subject to the User's instructions.

(C) *No Matching Complex Orders or No Valid COB Opening Price.* If there are no matching complex orders in a complex strategy, the System opens the complex strategy without a trade. If after an Exchange-established period of time that may not exceed 30 seconds, the System cannot match orders because (i) the System cannot determine a COB opening price (i.e., all queued orders are market orders) or (ii) the COB opening price is outside the SNBBO, the System opens the complex strategy without a trade. In both cases, the System enters any orders in the complex strategy in the COB (in time priority), subject to a User's instructions, except it Legs any complex orders it can into the Simple Book (as described below).

(d) *Complex Order Auctions (COAs).*

(1) *Commencement of COA.* Upon receipt of a COA-eligible order in any class, the System initiates the COA process by sending a COA auction message to all subscribers to the Exchange's data feeds that deliver COA auction messages. A COA auction message identifies the COA auction ID, instrument ID (i.e., complex strategy), quantity, and side of the market

of the COA-eligible order. The Exchange may also determine to include in COA auction messages the Capacity and/or the price, which is (A) the limit order price, (B) the SBO (SBB) (if initiated by a buy (sell) market complex order), or (C) the drill-through price if the order is subject to the drill-through protection in Rule 5.34(b).

(2) *Concurrent COAs.* The System may initiate a COA in a complex strategy even though another COA in that complex strategy is ongoing.

(A) If there are multiple COAs ongoing for a specific complex strategy, each COA concludes sequentially based on the time each COA commenced, unless terminated early pursuant to paragraph (d)(3) below. At the time each COA concludes, the System allocates the COA-eligible order pursuant to this Rule and takes into account all COA Responses for that COA, orders in the Simple Book, and unrelated complex orders on the COB at the time the COA concludes.

(B) If there are multiple COAs ongoing for a specific complex strategy that are each terminated early pursuant to paragraph (d)(3) below, the System processes the COAs sequentially based on the order in which they commenced.

(C) If a COA Response is not fully executed at the end of the identified COA to which the COA Response was submitted, the System cancels or rejects the COA Response (or unexecuted portion) at the conclusion of the specified COA.

(3) *Response Time Interval.* The "Response Time Interval" means the period of time during which Users may submit responses to the COA auction message ("COA Responses"). The Exchange determines the duration of the Response Time Interval on a class-by-class basis, which may not exceed 3000 milliseconds. However, the Response Time Interval terminates prior to the end of that time duration:

(A) when the System receives a non-COA-eligible order on the same side as the COA-eligible order that initiated the COA but with a price better than the COA price, in which case the System terminates the COA and processes the COA-eligible order pursuant to subparagraph (5) below and posts the new order to the COB;

(B) when the System receives an order in a leg of the complex order that would improve the SBBO on the same side as the COA-eligible order that initiated the COA to a price equal to or better than the COA price, in which case the System terminates the COA and processes the COA-eligible order pursuant to subparagraph (5) below, posts the new order to the Simple Book, and updates the SBBO; or

(C) if the System receives a Priority Customer Order that would join or improve the SBBO on the same side as the COA in progress to a price equal to or better than the COA price, in which case the System terminates the COA and processes the COA-eligible order pursuant to subparagraph (5) below, posts the new order to the Simple Book, and updates the SBBO.

(4) *COA Responses.* The Exchange determines on a class-by-class basis whether (A) all Users or (B) Market-Makers with an appointed in the class and TPHs acting as agent for orders

resting at the top of the COB in the relevant complex strategy may submit COA Response(s). The System accepts a COA response(s) with a permissible Capacity in the applicable minimum increment during the Response Time Interval.

(A) A COA Response must specify the price, size, side of the market (*i.e.*, a response to a buy COA as a sell or a response to a sell COA as a buy), and COA auction ID for the COA to which the User is submitting the COA Response.

(B) The System aggregates the size of COA Responses submitted at the same price for an EFID, and caps the size of the aggregated COA Responses at the size of the COA-eligible order.

(C) During the Response Time Interval, COA Responses are not firm, and Users can modify or withdraw them at any time prior to the end of the Response Time Interval, although the System applies a new timestamp to any modified COA Response (unless the modification was to decrease its size), which results in loss of priority. At the end of the Response Time Interval, COA Responses are firm (*i.e.*, guaranteed at their price and size).

(D) The Exchange does not display COA Responses.

(E) A COA Response may only execute against the COA-eligible order for the COA to which a User submitted the COA Response.

(F) The System cancels or rejects any unexecuted COA Responses (or unexecuted portions) at the conclusion of the COA.

(5) *Processing of COA-Eligible Orders.*

(A) At the end of the Response Time Interval, the System executes a COA-eligible order (in whole or in part) against contra-side interest in price priority. If there is contra side interest at the same price, the System allocates the contra side interest as follows:

(i) Priority Customer orders resting on the Simple Book for the individual leg components of the complex order through Legging (subject to paragraph (g)) in time priority;

(ii) COA Responses and unrelated orders on the COB pursuant to the allocation algorithm applicable to the class, or another allocation algorithm from Rule 5.32 determined by the Exchange on a class-by-class basis; and

(iii) remaining orders in the Simple Book for the individual leg components of the complex order through Legging (subject to paragraph (g)), which the System allocates in accordance with the base allocation algorithm applicable to the class pursuant to Rule 5.32(b).

Notwithstanding the foregoing, at the conclusion of a COA of an AON complex order, the AON complex order may only execute against COA Responses and unrelated

orders on the COB in price-time priority if there is sufficient size to satisfy the AON complex order (and may not execute against orders in the Simple Book). If there is insufficient size to satisfy the AON complex order, the System routes the order to PAR for manual handling or cancels the order, subject to a User's instructions.

(B) The System enters any COA-eligible order (or unexecuted portion) that does not execute at the end of the COA into the COB (if eligible to rest), and applies a timestamp based on the time it enters the COB. The System routes to PAR for manual handling any COA-eligible order (or unexecuted portion) that does not execute at the end of the COA if not eligible for entry into the COB, subject to the User's instructions. Complex orders resting on the COB may execute pursuant to paragraph (e) following evaluation pursuant to paragraph (i) and remain on the COB until they execute or are cancelled or rejected.

(e) *Processing of Do-Not-COA Orders/Orders Resting on the COB.* Upon receipt of a do-not-COA order, or if the System determines an order resting on the COB is eligible for execution following evaluation pursuant to paragraph (i), the System executes it (in whole or in part) against contra side interest in price priority. If there is contra side interest at the same price, the System allocates the contra side interest as follows:

(1) Priority Customer Orders resting on the Simple Book for the individual leg components of the complex order through Legging (subject to paragraph (g)) in time priority;

(2) unrelated orders on the COB pursuant to the allocation algorithm set forth in subparagraph (d)(5)(A)(ii) above; and

(3) remaining orders in the Simple Book for the individual leg components of the complex order through Legging (subject to paragraph (g)), which the System allocates in accordance with the allocation algorithm applicable to the class pursuant to Rule 5.32.

The System enters any do-not-COA order (or unexecuted portion) that does not execute against the individual leg markets or complex orders into the COB (if eligible to rest), and applies a timestamp based on the time it enters the COB. The System routes to PAR for manual handling any complex order (or unexecuted portion) that does not execute upon entry and is not eligible for entry into the COB, subject to the User's instructions. Complex orders resting on the COB may execute pursuant to this paragraph (e) following evaluation pursuant to paragraph (i) and remain on the COB until they execute or are cancelled or rejected.

(f) *Minimum Increments, Execution Prices, and Priority.*

(1) *Minimum Increments.*

(A) *Complex Orders.* The minimum increment for bids and offers on a complex order, and the increments at which components of a complex order may be executed, is set forth in Rule 5.4(b).

(B) *Stock-Option Orders.* Users may express bids and offers for a stock-option order (including a QCC with Stock Order) in any decimal price the Exchange determines.

The minimum increment for the option leg(s) of a stock-option order is $0.01 or greater, which the Exchange may determine on a class-by-class basis, regardless of the minimum increments otherwise applicable to the option leg(s), and the stock leg of a stock-option order may be executed in any decimal price permitted in the equity market.

(2) *Execution Prices and Complex Order Priority.*

(A) *Complex Orders.* The System does not execute a complex order pursuant to this 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) worse than the SBBO or equal to the SBBO when there is a Priority Customer Order at the SBBO, except AON complex orders may only execute at prices better than the SBBO;

(iii) 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;

(iv) worse than the price that would be available if the complex order Legged into the Simple Book; or

(v) that would cause any component of the complex strategy to be executed at a price ahead of a Priority Customer Order on the Simple Book without improving the BBO of at least one component of the complex strategy.

(B) *Stock-Option Orders.*

(i) 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.

(ii) For a stock-option order with more than one option leg, the option legs must trade at prices pursuant subparagraph (A) above.

(iii) A stock-option order may only execute if the stock leg is executable at the price(s) necessary to achieve the desired net price. To facilitate the execution of the stock leg and options leg(s) of an executable stock-option order at valid increments pursuant to subparagraph (f)(1)(B) above, 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".

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

(3) *Other Exchanges.* The System executes complex orders without consideration of any prices for the complex strategy that might be available on other exchanges trading the same complex strategy; provided, however, that such complex order price may be subject to the drill-through price protection described in Rule 5.34(b).

(g) *Legging Restrictions.* A complex order may execute against orders and quotes in the Simple Book pursuant to subparagraphs (d)(5)(A) and (e) if it can execute in full or in a permissible ratio and if it has no more than a maximum number of legs (which the Exchange determines on a class-by-class basis and may be two, three, or four) ("Legging"), subject to the following restrictions:

(1) All two leg COA-eligible Customer complex orders may Leg into the Simple Book without restriction.

(2) Complex orders for any other Capacity with two option legs that are both buy or both sell and that are both calls or both puts may not Leg into the Simple Book. These orders may execute against other complex orders in the COB.

(3) All complex orders with three or four option legs that are all buy or all sell (regardless of whether the option legs are calls or puts) may not Leg into the Simple Book. These orders may execute against other complex orders in the COB.

(4) Post Only complex orders and AON complex orders may not Leg into the Simple Book.

(5) Stock-option orders may not Leg into the Simple Book and may only execute against other stock-option orders.

(6) If the Exchange determines to list SPX or VIX on a group basis pursuant to Rule 4.13, a complex order consisting of legs in different groups of series in the class may not Leg into the Simple Book. A complex order consisting of legs in the same group of series may Leg, subject to the other restrictions in this paragraph (g).

(h) *Additional Complex Order Handling.* Processing and execution of complex orders pursuant to this Rule 5.33 (including pursuant to paragraphs (d) and (e), and following evaluation pursuant to paragraph (i)) are subject to the following:

(1) A complex market order or limit order with a price that locks or crosses the then-current opposite side SBBO and does not execute because the SBBO is the best price but not available for execution (because it does not satisfy the complex order ratio or the complex order cannot Leg into the Simple Book) enters the COB with a book and display price that (A) is one minimum increment away from the current opposite side SBBO if the opposite side SBBO is represented by a Priority Customer Order or (B) locks the current opposite side SBBO. If the SBBO changes, the System continuously reprices the book and display price of the complex order (or unexecuted portion) based on the new SBBO (up to the limit price, if it is a limit order), subject to the drill-through price protection described in Rule 5.34(b) until:

(A) the complex order has been executed in its entirety; or

(B) the complex order (or unexecuted portion) of the complex order is cancelled or rejected.

(2) The System cancels or rejects an incoming Post Only complex order if it locks or crosses a resting complex order in the COB or the then-current opposite side SBBO. The System cancels a resting Post Only complex limit order after evaluation pursuant to paragraph (i) below if the System determines the resting Post Only complex limit order locks or crosses the updated SBBO.

(3) If there is a zero NBO for any leg, the System replaces the zero with a price equal to one minimum increment above the NBB to calculate the SNBBO, and complex orders with any buy legs do not Leg into the Simple Book. If there is a zero NBB, the System replaces the zero with a price equal to one minimum increment, and complex orders with any sell legs do not Leg into the Simple Book. If there is a zero NBB and zero NBO, the System replaces the zero NBB with a price equal to one minimum increment and replaces the zero NBO with a price equal to two minimum increments, and complex orders do not Leg into the Simple Book.

(i) *Evaluation.* The System evaluates an incoming complex order upon receipt to determine whether it is a COA-eligible order or a do-not-COA order and thus whether it should be processed pursuant to paragraph (d) or (e), respectively, or cancelled. The System re-evaluates a complex order resting on the COB (including an order (or unexecuted portion) that did not execute pursuant to paragraph (d) or (e) upon initial receipt):

(1) at time the COB opens;

(2) following a halt; and

(3) during the trading day when the leg market price or quantity changes to determine whether the complex order:

(A) can execute (pursuant to paragraph (e));

(B) should be repriced (pursuant to paragraph (h));

(C) should remain resting on the COB; or

(D) should be cancelled.

(j) *Limit Up-Limit Down State.*

(1) The System routes to PAR for manual handling or cancels or rejects, subject to a User's instructions, a complex market order it receives when the underlying security is subject to a Limit State or Straddle State, as such terms are defined in the Limit Up-Limit Down Plan.

(2) If during a COA of a market order the underlying security enters a Limit State or Straddle State, the System terminates the COA without trading and cancels or rejects all COA Responses.

(3) The Exchange only executes the stock leg of a stock-option order at a price permissible under the Limit Up-Limit Down Plan. If a stock-option order cannot execute, if it is a limit order, the System calculates the SBBO or SNBBO with a price for the stock leg that would be permissible under that Plan and posts the stock-option order on the COB at that price, or if it is a market order, routes the stock-option order to PAR for manual handling, subject to a User's instructions.

(k) *Trading Halts.*

(1) *Halts During Regular Trading.* If a trading halt exists for the underlying security or a component of a complex strategy, trading in the complex strategy is suspended, and the System queues a User's complex orders unless the User instructed the Exchange to cancel its complex orders upon a trading halt. The COB remains available for Users to enter and manage complex orders. Incoming complex orders that could otherwise execute or initiate a COA in the absence of a halt are placed on the COB (if eligible to rest) or cancelled, subject to a User's instructions. Incoming complex orders with a Time-in-Force of IOC are cancelled.

(2) *Halts During a COA.* If, during a COA, any component(s) and/or the underlying security of a COA-eligible order is halted, the COA ends early without trading, and the System cancels or rejects all COA Responses. The System enters remaining complex orders on the COB (if eligible to rest) or cancels remaining orders, subject to a User's instructions.

(3) *Resumption of Trading Following a Halt.* When trading in the halted component(s) and/or underlying security of the complex order resumes, the System re-opens the COB pursuant to paragraph (c) above. The System queues any complex orders designated for a re-opening following a halt until the halt has ended, at which time they are eligible for execution in the Opening Auction Process.

(l) *Stock-Option Orders.* Stock-option orders execute in the same manner as other complex orders pursuant to this Rule, except as follows:

(1) *Designated Broker-Dealer.* When a User submits to the System a stock-option order, it must designate a specific broker-dealer with which it has entered into a brokerage agreement pursuant to Interpretation and Policy .03 of this Rule (the "designated broker-dealer") to which the Exchange will electronically communicate the stock component of the stock-option order on behalf of the User.

(2) *Execution*. A stock-option order may execute against other stock-option orders (or COA Responses, if applicable), but may not execute against orders in the Simple Book. A stock-option order may only execute if the price complies with subparagraph (f)(2)(B) above.

(A) *Execution of Option Component*. If a stock-option order can execute upon entry or following a COA, or if it can execute following evaluation while resting in the COB pursuant to paragraph (i), the System executes the option component (which may

consist of one or more option legs) of a stock-option order against the option component of other stock-option orders resting in the COB or COA responses pursuant to the allocation algorithm applicable to the class pursuant to subparagraph (d)(5)(A)(ii) above, as applicable, but does not immediately send the User a trade execution report, and then automatically communicates the stock component to the designated broker-dealer for execution at a stock trading venue.

(B) *Execution of Stock Component*. If the System receives an execution report for the stock component from the designated broker-dealer, the Exchange sends the User the trade execution report for the stock-option order, including execution information for the stock and option components. If the System receives a report from the designated broker-dealer that the stock component cannot execute, the Exchange nullifies the option component trade and notifies the User of the reason for the nullification.

If a stock-option order is not marketable, it rests in the COB (if eligible to rest) or routes to PAR for manual handling, subject to a User's instructions.

(3) *QCC with Stock Orders.* The System processes QCC with Stock Orders as follows:

(A) *Entry of QCC with Stock Order*. When a User submits a QCC with Stock Order to the System, it enters a QCC Order (which may be a Complex QCC Order) pursuant to Rule 5.6(c) with a stock component (pursuant to this Rule 5.33). When entering a QCC with Stock Order, the User must: (i) include a net price for the stock and option components in accordance with the minimum increments for stock-option orders set forth in paragraph (f) above, and (ii) identify the designated broker-dealer as set forth in subparagraph (l)(2) above.

(B) *Execution of Option Component.* If the option component (i.e., the QCC Order or Complex QCC Order) of a QCC with Stock Order can execute, the System executes it in accordance with Rule 5.6(c), but does not immediately send the User a trade execution report, and automatically communicates the stock component to the designated broker-dealer for execution at a stock trading venue. If the option component(s) of a QCC with Stock Order cannot execute, the System cancels the QCC with Stock Order, including both the stock and option components.

(C) *Execution of Stock Component.* If the System receives an execution report for the stock component of a QCC with Stock Order from the designated broker-dealer, the Exchange sends the User the trade execution report for the QCC with Stock order, including execution information for both the stock and option components. If the System receives a report from the designated broker-dealer that the stock component of a QCC with Stock Order cannot execute, the Exchange nullifies the option component trade and notifies the User of the reason for the nullification.

(4) *Regulation SHO.*

(A) If a User submits to the System a stock-option order with a stock leg to sell, the User must mark the stock leg "long," "short," or "short exempt" in compliance with Regulation SHO under the Exchange Act.

(B) The Exchange only executes the stock leg of a stock-option order at a price permissible under Regulation SHO. If a stock-option order cannot execute, if it is a limit order, the System calculates the SBBO or SNBBO with a price for the stock leg that would be permissible under Regulation SHO and posts the stock-option order on the COB at that price, or if a market order, routes the stock-option order to PAR for manual handling, subject to a User's instructions.

(m) *RFC Orders.*

(1) An RFC order executes automatically on entry without exposure if:

(A) each option leg executes at a price that complies with subparagraph (f)(2) above, provided that no option leg executes at the same price as a Priority Customer Order in the Simple Book;

(B) each option leg executes at a price at or between the NBBO for the applicable series; and

(C) the execution price is better than the price of any complex order resting in the COB, unless the RFC order is a Priority Customer Order and the resting complex order is a non-Priority Customer Order, in which case the execution price may be the same as or better than the price of the resting complex order.

The System cancels an RFC order if it cannot execute.

(2) An RFC order may only be entered in the standard increment applicable to the class pursuant to subparagraph (f)(1)(A) above.

(3) The execution of an RFC order must happen contemporaneously with the execution of the related futures position portion of the exchange.

(4) The transaction involving the related futures position of the exchange must comply with all applicable rules of the designated contract market on which the futures are listed for trading.

(5) Rule 5.9 (related to exposure of orders on the Exchange) does not apply to executions of RFC orders.

(n) *Multi-Leg Compression Orders.* A Compression order with multiple legs executes automatically on entry against another Compression order(s) (entered as a paired order)without exposure if:

(1) each option leg executes at a price that complies with subparagraph (f)(2) above, provided that no option leg executes at the same price as a Priority Customer Order in the Simple Book;

(2) each option leg executes at a price at or between the NBBO for the applicable series; and

(3) the execution price is better than the price of any complex order resting in the COB, unless the Compression order is a Priority Customer Order and the resting complex order is a non-Priority Customer Order, in which case the execution price may be the same as or better than the price of the resting complex order.

The System cancels a Compression order if it cannot execute.

Interpretations and Policies

.01 *Market-Maker Quoting*. Market-Makers are not required to quote on the COB. Complex strategies are not subject to any quoting requirements that are applicable to a Market-Maker in its appointed classes. The Exchange does not take into account a Market-Maker's complex orders entered in its appointed classes when determining whether a Market-Maker meets its quoting obligations pursuant to Rule 5.52 in its appointed classes.

.02 *Market-Maker Executions.* A Market-Maker's orders for complex strategies executed in classes in which it has no appointment are included in the total number of all contracts the Market-Maker executes on the Exchange in any calendar quarter in determining whether the Market-Maker exceeds the 25% threshold pursuant to Rule 5.52(g). A Market-Maker's orders for complex strategies executed in classes in which it has an appointment are included in the total number of all contracts the Market-Maker executes electronically in an appointed class during any calendar quarter in determining whether the Market-Maker exceeds the electronic volume threshold pursuant to Rule 5.52(d)(1) and (d)(2).

.03 A pattern or practice of submitting orders that cause a COA to conclude early will be deemed conduct inconsistent with just and equitable principles of trade and a violation of Rule 8.1.

.04 *Stock-Option Orders.* A User may only submit a stock-option order (including a QCC with Stock Order) if it complies with the Qualified Contingent Trade Exemption ("QCT Exemption") from Rule 611(a) of Regulation NMS. A User submitting a stock-option order represents that it complies with the QCT Exemption. To submit a stock-option order to the Exchange for execution, a User must enter into a brokerage agreement with one or more broker-dealers that are not affiliated with the Exchange, which broker-dealer(s) the Exchange has identified as having connectivity to electronically communicate the stock components of stock-option orders to stock trading venues.

[Effective October 7, 2019 (SR-CBOE-2019-060); amended December 19, 2019 (SR-CBOE-2019-118); amended December 19, 2019 (SR-CBOE-2019-126); amended March 6, 2020 (SR-CBOE-2020-016); amended September 4, 2020 (SR-CBOE-2020-060); amended October 14, 2020 (SR-CBOE-2020-074); amended November 3, 2020 (SR-CBOE-2020-014); amended December 3, 2020 (SR-CBOE-2020-109)]

Rule 5.34. Order and Quote Price Protection Mechanisms and Risk Controls

The System's acceptance and execution of orders, quotes, and bulk messages, as applicable, pursuant to the Rules, including Rules 5.31 through 5.33, and orders routed to PAR pursuant to Rule 5.82 are subject to the following price protection mechanisms and risk controls, as applicable.

(a) *Simple Orders.*

(1) *Market Orders in No-Bid (Offer) Series.*

(A) If the System receives a sell market order in a series after it is open for trading with an NBB of zero:

(i) if the NBO in the series is less than or equal to $0.50, then the System converts the market order to a limit order with a limit price equal to the minimum trading increment applicable to the series and enters the order into the Book with a timestamp based on the time it enters the Book. If the order has a Time-in-Force of GTC or GTD that expires on a subsequent day, the order remains on the Book as a limit order until it executes, expires, or the User cancels it.

(ii) if the NBO in the series is greater than $0.50, then the System cancels or rejects the market order, or routes the market order to PAR for manual handling, subject to a User's instructions.

(B) If the System receives a buy market order in a series after it is open for trading with an NBO of zero, the System cancels or rejects the market order.

(C) This protection does not apply to bulk messages.

(2) *Market Order NBBO Width Protection.* If a User submits a market order to the System when the NBBO width is greater than x% of the midpoint of the NBBO, subject to a minimum and maximum dollar value (the Exchange determines "x" and the minimum and maximum dollar values on a class-by-class basis), the System cancels or rejects the market order. This protection does not apply to bulk messages.

(3) *Buy Order Put Check.* If a User enters a buy limit order for a put with, or if a buy market order (or unexecuted portion) for a put would execute at, a price higher than or equal to the strike price of the option, the System cancels or rejects the order (or unexecuted portion) or quote. This check does not apply to adjusted series or bulk messages.

(4) *Drill-Through Protection.*

(A) If a buy (sell) order enters the Book at the conclusion of the opening auction process or would execute or post to the Book at the time of order entry, the System executes the order up to a buffer amount (the Exchange determines the buffer amount on a class and premium basis) above (below) the offer (bid) limit of the

Opening Collar or the NBO (NBB) that existed at the time of order entry, respectively (the "drill-through price").

(B) The System cancels or rejects any market order or limit order with a Time-in-Force of IOC or FOK (or unexecuted portion) not executed pursuant to subparagraph (A).

(C) The System enters a limit order with Time-in-Force of Day, GTC, or GTD (or unexecuted portion) not executed pursuant to subparagraph (A) in the Book with a displayed price equal to the drill-through price.

(i) The order (or unexecuted portion) rests in the Book until the earlier to occur of its full execution and the end of the duration of a number of time periods (the Exchange determines on a class-by-class basis the number of periods, which may not exceed five, and the length of the time period in milliseconds, which may not exceed three seconds).

(ii) Following the end of each period prior to the final period, the System adds (if a buy order) or subtracts (if a sell order) one buffer amount to the drill-through price displayed during the preceding period (each new price becomes the "drill-through price"). The order (or unexecuted portion) rests in the Book at that new drill-through price during the subsequent period. Following the end of the final period, the System cancels or routes to PAR for manual handling, subject to a User's instructions, the order (or unexecuted portion) not executed during any period.

(iii) The System applies a timestamp to the order (or unexecuted portion) based on the time it enters or is re-priced in the Book for priority purposes.

(iv) Notwithstanding the above, if a buy (sell) order's limit price equals or is less (greater) than the drill-through price at any time during application of the drill-through mechanism, the order rests in the Book at its limit price, subject to a User's instructions, and any remaining time period(s) described above do not occur.

(E) This protection does not apply to bulk messages.

(5) *Bulk Message Fat Finger Check*. The System cancels or rejects any bulk message bid (offer) above (below) the NBO (NBB) by more than a specified amount determined by the Exchange. This check does not apply to bulk messages submitted prior to the conclusion of the Opening Process or when no NBBO is available.

(b) *Complex Orders.*

(1) *Definitions.* For purposes of this subparagraph (b):

(A) *Vertical Spread*. A "vertical" spread is a two-legged complex order with one leg to buy a number of calls (puts) and one leg to sell the same number of calls (puts) with the same expiration date but different exercise prices, except as set forth in subparagraph (b)(3)(A) below.

(B) *Butterfly Spread*. A "butterfly" spread is a three-legged complex order with two legs to buy (sell) the same number of calls (puts) and one leg to sell (buy) twice as many calls (puts), all with the same expiration date but different exercise prices, and the exercise price of the middle leg is between the exercise prices of the other legs. If the exercise price of the middle leg is halfway between the exercise prices of the other legs, it is a "true" butterfly; otherwise, it is a "skewed" butterfly.

(C) *Box Spread*. A "box" spread is a four-legged complex order with one leg to buy calls and one leg to sell puts with one strike price, and one leg to sell calls and one leg to buy puts with another strike price, all of which have the same expiration date and are for the same number of contracts.

(D) *Calendar Spread.* A "calendar" spread is a two-legged complex order with one leg to buy a number of calls (puts) and one leg to sell the same number of calls (puts) with the same exercise price but different expiration dates, except as set forth in subparagraph (b)(3)(A) below.

(E) *Diagonal Spread*. A "diagonal" spread is a two-legged complex order with one leg to buy a number of calls (puts) and one leg to sell the same number of calls (puts) with different expiration dates and different exercise prices.

(2) *Credit-to-Debit Parameters*. The System cancels or rejects a market order that would execute at a net debit price after receiving a partial execution at a net credit price.

(3) *Debit/Credit Price Reasonability Checks*.

(A) The Exchange cancels or rejects a complex order (or unexecuted portion) that is a limit order for a debit strategy with a net credit price that exceeds a pre-set buffer, a limit order (or unexecuted portion) for a credit strategy with a net debit price that exceeds a pre-set buffer, or a market order (or unexecuted portion) for a credit strategy that would execute at a net debit price that exceeds a pre-set buffer (the pre-set buffers are determined by the Exchange on a class and strategy (i.e., vertical, calendar, butterfly, diagonal) basis). For the purposes of this check, the System considers a two-legged strategy with one P.M.-settled leg and one A.M.-settled leg with the same expiration date to be a diagonal spread (where both legs have different exercise prices), rather than a vertical spread, or a calendar spread (where both legs have the same exercise price).

(B) The System defines a complex order as a debit or credit as follows:

(i) a call butterfly spread for which the middle leg is to sell (buy) and twice the exercise price of that leg is greater than or equal to the sum of the exercise prices of the buy (sell) legs is a debit (credit);

(ii) a put butterfly spread for which the middle leg is to sell (buy) and twice the exercise price of that leg is less than or equal to the sum of the exercise prices of the buy (sell) legs is a debit (credit); and

(iii) an order for which all pairs and loners are debits (credits) is a debit (credit). For purposes of this check, a "pair" is a pair of legs in an order for which both legs are calls or both legs are puts, one leg is a buy and one leg is a sell, and the legs have the same expiration date but different exercise prices (i.e., vertical), the same exercise price but different expiration dates (i.e., calendar), or the exercise price for the call (put) with the farther expiration date is lower (higher) than the exercise price for the nearer expiration date (i.e., diagonal). A "loner" is any leg in an order that the System cannot pair with another leg in the order. Notwithstanding the foregoing, if the stock component of a stock-option order is to buy (sell), the stock-option order is a debit (credit).

(a) The System first pairs legs to the extent possible within each expiration date, pairing one leg with the leg that has the next highest exercise price.

(b) The System then pairs legs to the extent possible across expiration dates, pairing one call (put) with the call (put) that has the next nearest expiration date and the same or next lower (higher) exercise price.

(c) A pair of calls is a credit (debit) if the exercise price of the buy (sell) leg is higher than the exercise price of the sell (buy) leg (if the pair has the same expiration date) or if the expiration date of the sell (buy) leg is farther than the expiration date of the buy (sell) leg (if the exercise price of the sell (buy) leg is the same as or lower than the exercise price of the buy (sell) leg).

(d) A pair of puts is a credit (debit) if the exercise price of the sell (buy) leg is higher than the exercise price of the buy (sell) leg (if the pair has the same expiration date) or if the expiration date of the sell (buy) leg is farther than the expiration date of the buy (sell) leg (if the exercise price of the sell (buy) leg is the same as or higher than the exercise price of the buy (sell) leg).

(e) A loner to buy is a debit, and a loner to sell is a credit.

(C) The System does not apply this check to an order it cannot define as a debit or credit.

(D) This check applies to COA Responses in the same manner as it does to orders.

(4) *Buy Strategy Parameters.* The System cancels or rejects a limit complex order where all the components of the strategy are to buy and the order has (A) a price of zero, (B) a net credit price that exceeds a pre-set buffer (which the Exchange determines), or (C) a net debit price that is less than the number of individual legs in the strategy (or applicable ratio) multiplied by the minimum increment.

(5) *Maximum Value Acceptable Price Range.* The System cancels or rejects an order that is a vertical, true butterfly, or box spread and is a limit order with, or a market order that would execute at, a price that is outside of an acceptable price range, set by the minimum and maximum possible value of the spread, subject to an additional buffer amount (which the Exchange determines).

(A) The maximum possible value of a vertical, true butterfly, and box spread is the difference between the exercise prices of (1) the two legs; (2) the middle leg and the legs on either side; and (3) each pair of legs, respectively.

(B) The minimum possible value of the spread is zero.

(C) This check applies to COA Responses in the same manner as it does to orders.

(6) *Drill-Through Protection*.

(A) If a User enters a buy (sell) complex order into the System, the System executes the order pursuant to Rule 5.33(e) up to a buffer amount above (below) the SNBO (SNBB) that existed at the time of order entry (the "drill-through price"), or initiates a COA at the drill-through price if the order would initiate a COA pursuant to Rule 5.33(d). The Exchange determines a default buffer amount on a class-by-class basis; however, a User may establish a higher or lower amount than the Exchange default amount.

(B) The System enters a complex order (or unexecuted portion) not executed pursuant to subparagraph (A) in the COB with a displayed price equal to the drill-through price, unless the terms of the order instruct otherwise.

(i) The complex order (or unexecuted portion) rests in the COB until the earlier to occur of the order's full execution and the end of (a) if the inputting User did not establish a buffer amount for the complex order, the duration of a number of time periods (the Exchange determines on a class-by-class basis the number of time periods, which may not exceed five, and the length of the time period in milliseconds, which may not exceed three seconds) or (b) if the inputting User established a buffer amount for the complex order, one time

period (the length of the time period will be as determined by the Exchange pursuant to clause (a)).

(ii) If the inputting User did not establish a buffer amount for the complex order, following the end of each period prior to the final period, the System adds (if a buy order) or subtracts (if a sell order) one buffer amount to the drill-through price displayed during the immediately preceding period (each new price becomes the "drill-through price"). The complex order (or unexecuted portion) rests in the COB at that new drill-through price during the subsequent period. Following the end of the final period, if the inputting User did not establish a buffer amount for the complex order, or following the single period, if the inputting User established a buffer amount, the System cancels or routes to PAR for manual handling, subject to a User's instructions, the complex order (or unexecuted portion) not executed during any time period. However, if the SBBO changes prior to the end of any period but the complex order cannot Leg, and the new SBO (SBB) crosses the drill-through price, the System changes the displayed price of the complex order to the new SBO (SBB) minus (plus) the applicable minimum increment for the class, and the order rests in the COB at that displayed price, subject to a User's instructions, and, if it was not the final period, any remaining time period(s) described above do not occur.

(iii) The System applies a timestamp to the complex order (or unexecuted portion) based on the time it enters or is re-priced in the COB for priority purposes.

(iv) Notwithstanding the above, if a buy (sell) complex order's limit price equals or is less (greater) than the drill-through price at any time during application of the drill-through mechanism, the order rests in the COB at its limit price, subject to a User's instructions, and any remaining time period(s) described above do not occur.

(c) *All Orders.*

(1) *Limit Order Fat Finger Check*. If a User submits a buy (sell) limit order to the System with a price that is more than a buffer amount above (below) the NBO (NBB) for simple orders or the SNBO (SNBB) for complex orders, the System cancels or rejects the order. The Exchange determines a default buffer amount on a class-by-class basis; however, a User may establish a higher or lower amount than the Exchange default for a class.

(A) For simple buy (sell) orders, the Exchange may determine to apply this check on a class-by-class basis and not apply it to limit orders entered prior to the conclusion of the RTH opening auction process. If the check applies prior to the conclusion of the RTH opening auction process, it uses (i) the last disseminated NBBO on that trading day, or (ii) the midpoint of the prior trading day's closing NBBO, if no NBBO has been disseminated on that trading day. The Exchange or User, as applicable, may establish a different default amount prior to the conclusion

of the RTH opening auction process than it does after trading is open. If the check applies prior to the conclusion of the RTH opening auction process, it does not apply (i) if there is a corporate action impacting the corporate stock price, (ii) if there is no NBBO from the prior trading day, (iii) to orders with origin code M or N, or (iv) to GTC and GTD orders that reenter the Book from the prior trading session.

(B) The check does not apply to complex orders prior to the conclusion of the Opening Process.

(C) The check does not apply when no NBBO or SNBBO, as applicable, is available.

(D) This check does not apply to bulk messages or Stop-Limit orders.

(2) *Maximum Contract Size.* The System cancels or rejects an incoming order or quote with a size that exceeds the maximum contract size (which the Exchange determines). The size of a complex order for purposes of this check is the size of the largest leg of the order.

(3) *Maximum Notional Value.* If a User enables this functionality, the System cancels or rejects an incoming order or quote with a notional value that exceeds the maximum notional value a User establishes for each of its ports.

(4) *Risk Monitor Mechanism.* If a User enables this functionality:

(A) Each User may establish limits for the following parameters in the Exchange's counting program. The System counts each of the following within a class for an EFID ("class limit") and across all classes for an EFID ("EFID limit") and/or across all classes for a group of EFIDs ("EFID Group") ("EFID Group limit"), over a User-established time period ("interval") and on an absolute basis for a trading day ("absolute limits"):

(i) number of contracts executed ("volume");

(ii) notional value of executions ("notional ");

(iii) number of executions ("count");

(iv) number of contracts executed as a percentage of number of contracts outstanding within an Exchange-designated time period or during the trading day, as applicable ("percentage"), which the System determines by calculating the percentage of a User's outstanding contracts that executed on each side of the market during the time period or trading day, as applicable, and then summing the series percentages on each side in the class; and

(v) number of times the limits established by the parameters under (A)(i)-(iv) above are reached ("risk trips").

(B) When the System determines that the volume, notional, count, percentage, or risk trips limits have been reached:

(i) a User's class limit within the interval or the absolute limit for the class, the Risk Monitor Mechanism cancels or rejects such User's orders or quotes in all series of the class and cancels or rejects any additional orders or quotes from the User in the class until the counting program resets (as described below).

(ii) a User's EFID limit within the interval or the absolute limit for the EFID, the Risk Monitor Mechanism cancels or rejects such User's orders or quotes in all classes and cancels or rejects any additional orders or quotes from the EFID in all classes until the counting program resets (as described below).

(iii) a User's EFID Group limit within the interval or the absolute limit for the EFID Group, the Risk Monitor Mechanism cancels or rejects such User's orders or quotes in all classes and cancels or rejects any additional orders or quotes from any EFID within the EFID Group in all classes until the counting program resets (as described below).

The Risk Monitor Mechanism will also attempt to cancel or reject any orders routed away to other exchanges.

(C) The System will execute any marketable orders or quotes that are executable against a User's order or quote and received prior to the time the Risk Monitor Mechanism is triggered at the price up to the size of the User's order or quote, even if such execution results in executions in excess of the User's parameters.

(D) *Counting Program Reset*.

(i) *Class Limit*. The System will not accept new orders or quotes from a User after a class limit is reached until the User submits an electronic instruction System to reset the counting program for the class.

(ii) *EFID Limit*. The System will not accept new orders or quotes from the EFID after its EFID limit is reached until the User manually notifies the Trade Desk to reset the counting program for the EFID, unless the User instructs the Exchange to permit it to reset the counting program by submitting an electronic message to the System.

(iii) *EFID Group Limit*. The System will not accept new orders or quotes from any EFID within the EFID Group after an EFID Group limit is reached until the User manually notifies the Trade Desk to reset the counting

program for the EFID Group, unless the User instructs the Exchange to permit it to reset the counting program by submitting an electronic message to the System.

(iv) *Reset Limit*. The Exchange may restrict the number of User class, EFID and EFID Group resets per second.

(v) *Failure to Reset*. If the Exchange cancels all of a User's quotes and orders resting in the Book, and the User does not reactivate its ability to send quotes or orders, the block will be in effect only for the trading day that the User reached its class, EFID and/or EFID Group limit.

(vi) *Other Resets*. The System will reset the counting period for absolute limits when a User refreshes its risk limit thresholds. The System will reset the counting program and commence a new interval time period when (i) a previous interval time period has expired and a transaction occurs in any series of a class or (ii) a User refreshes its risk limit thresholds prior to the expiration of the interval time period.

(E) *Complex Orders.* The System counts individual trades executed as part of a complex order (or COA response) when determining whether the volume, notional, count, or risk trips limit has been reached. The System counts the percentage executed of a complex order (or COA response) when determining whether the percentage limit has been reached.

(F) A User may also engage the Risk Monitor Mechanism to cancel resting bids and offers, as well as subsequent orders as set forth in Rule 5.34(c)(6).

(5) *Cancel on Reject.*

(A) *Orders and Quotes*. If a User enables this functionality for a port, the System cancels a resting order or quote if the System rejects (pursuant to the Rules) a cancel or modification instruction for that resting order or quote.

(B) *Bulk Messages*. If, pursuant to the Rules, the System cancels or rejects a bulk message bid (offer) to update a resting bulk message bid (offer) submitted for the same EFID and bulk port, the System also cancels the resting bulk message bid (offer).

(6) *Kill Switch.* If a User enables this functionality, the User may instruct the System to simultaneously cancel or reject all (or all orders except GTCs and GTDs if the User requests) or a subset of resting orders and quotes for an EFID. A User may also request the Exchange block all (or all orders except GTC and GTD orders if the User requests) or a subset of its new incoming bids, offers, and orders for an EFID, which block will remain in effect until the User contacts the Trade Desk to request it remove the block. The User may continue to submit cancel requests for resting orders while the block is in effect.

(7) *Cancel on Disconnect.* If a User enables this functionality, the User may instruct the System to cancel or reject all resting orders and quotes (or all orders except GTC and GTD orders if the User requests) for a port, when the System receives no response from a port within two "heartbeat intervals" (the length of which interval the Exchange determines). If the User does not provide this instruction for a port, the System cancels or rejects all incoming M and N orders and quotes for the port when the System receives no response from a port within two heartbeat intervals.

(8) *Block New Orders.* If a User enables this functionality, the User may instruct the System to block all of the User's inbound orders and quotes. The User may continue to submit cancel requests for resting orders while its incoming orders and quotes are blocked.

(9) *Duplicate Order Protection.* If a User enables this functionality for a port, after the System receives a specified number of duplicate orders with the same EFID, side, price, quantity, and class within a specified time period (the User determines the number and length of the time period), the System will (A) reject additional duplicate orders until it receives instructions from the User to reset this control or (B) reject all incoming orders submitted through that port for that EFID until the User contacts the Trade Desk to request it reset this control. The User may continue to submit cancel requests prior to reset.

(10) *Buy-Write/Married Put Check*. If the Exchange applies this check to a class, the System cancels or rejects a stock-option order to buy the stock leg and sell a call (buy a put) for the option leg with a price that is more than the strike price of the call (put) plus (minus) a buffer amount (which the Exchange determines on a class-by-class basis).

(12) *DAC Order Reasonability Check.* If a User submits a DAC order to the System with an underlying reference price more than an Exchange-determined amount away from the underlying price or value at the time of submission of the DAC order, the System cancels or rejects the order.

Interpretations and Policies

.01 An Exchange official may grant intraday relief by modifying or inactivating one or more of the applicable parameter settings applicable to this Rule in the interest of a fair and orderly market, which the Exchange will announce via electronic message to Users. Such intra-day relief will not extend beyond the trade day on which it is granted, unless the Exchange determines to extend such relief. The Exchange makes and keeps records to document all determinations to grant intraday relief under this Rule, and maintains those records in accordance with Rule 17a-1 under the Exchange Act. The Exchange periodically reviews determinations to grant intraday relief for consistency with the interest of a fair and orderly market.

.02 The Exchange may share any User-designated risk settings in the System with a Clearing Trading Permit Holder that clears Exchange transactions on behalf of the User.

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Rule 5.35. Step Up Mechanism ("SUM")

This Rule governs the operation of the Step Up Mechanism ("SUM"). SUM is a feature within the System that provides automated order handling in designated classes trading for qualifying orders that are not automatically executed by the System.

(a) *SUM Eligibility*. The Exchange determines eligible order size, eligible order type, eligible order Capacity (e.g., Priority Customer orders, non-Market Maker non-Priority Customer orders, and Market Maker orders), and classes in which SUM is activated. Bulk messages are not eligible for SUM. The Exchange does not initiate the SUM process if the NBBO is crossed. SUM automatically processes upon receipt of:

(1) an eligible order that is marketable against the BBO that is not the NBBO; or

(2) an eligible order that would improve the Exchange's BBO and that is marketable against the ABBO.

(b) *Order Handling and Responses*. Upon receipt of an order eligible for SUM pursuant to paragraph (a):

(1) the System electronically exposes the order at the NBBO immediately upon receipt. The order is exposed for a period of time determined by the Exchange on a class-by-class basis, which period of time may not exceed one second.

(2) All Users may submit responses to the exposure message.

(3) Responses (A) must be limited to the size of the order being exposed; (B) may be modified, cancelled or replaced any time during the exposure period; and (C) are cancelled back at the end of the exposure period if unexecuted.

(c) *Allocation of Exposed Orders*.

(1) Any responses priced at the prevailing NBBO or better will immediately trade against the order (in time priority), unless the exposed order is an AON order, in which case the System holds the responses until there is sufficient aggregate size to satisfy the AON order or the exposure period terminates.

(2) If during the exposure period the Exchange receives an unrelated order (or quote) on the opposite side of the market from the exposed order that could trade against the exposed order at the prevailing NBBO price or better, then the orders

will trade at the prevailing NBBO price. The exposure period will not terminate if a quantity remains on the exposed order after such trade.

(3) Responses that are not immediately executable based on the prevailing NBBO may become executable during the exposure period based on changes to the NBBO. In the event of a change to the NBBO and at the conclusion of the exposure period, the Exchange will evaluate remaining responses as well as the ABBO and execute any remaining portion of the exposed order to the fullest extent possible at the best price(s) by executing against responses and unrelated orders (pursuant to the allocation algorithm in effect for the class).

(4) Following the exposure period, the Exchange will route the remaining portion of the exposed order to other exchanges, unless otherwise instructed by the User. Any portion of a routed order that returns unfilled shall trade against the Exchange's best bid/offer unless another exchange is quoting at a better price in which case new orders shall be generated and routed to trade against such better prices.

(5) All executions on the Exchange pursuant to this paragraph will comply with Rule 5.66.

(d) *Early Termination of Exposure Period*. In addition to the receipt of a response, or unrelated order or quote (or, if the exposed order is an AON order, multiple responses or unrelated orders and quotes with sufficient aggregate size to satisfy the AON order), to trade the entire exposed order at the NBBO or better, the exposure period also terminates prior to its expiration, and the System processes the exposed order in accordance with paragraph (c) above if during the exposure period:

(1) the NBBO updates such that the exposed order is no longer marketable against the prevailing NBBO;

(2) the Exchange is displaying an unrelated order on the same side of the market as the exposed order and such displayed order is subsequently locked or crossed by another options exchange; or

(3) if an AON order is exposed, the Exchange receives an unrelated order or quote that would be displayed at a price at or better than the NBBO with insufficient size to satisfy the exposed order.

[Effective October 7, 2019 (SR-CBOE-2019-050)]

Rule 5.36. Order Routing

(a) *General*. For System Securities, the order routing process is available to Users from 9:30 a.m. until market close. Users can designate orders as either available or not available for routing. Orders designated as not available for routing and bulk messages, which are not eligible for routing, are processed pursuant to Rule 5.32.

(1) *Routing to Away Options Exchanges*. For an order designated as available for routing, the System first checks the Book for available contracts for execution against the order pursuant to Rule 5.32. Unless otherwise instructed by the User, the System then designates the order (or unexecuted portion) as IOC and routes it to one or more options exchanges for potential execution, per the entering User's instructions. After the System receives responses to the order, to the extent it was not executed in full through the routing process, the System processes the order (or unexecuted portion) as follows, depending on parameters set by the User when the incoming order was originally entered:

(A) cancels the order (or unexecuted portion) back to the User;

(B) posts the unfilled balance of the order to the Book, subject to the Price Adjust process described in Rule 5.32(b), if applicable;

(C) repeats the process described above by executing against the Book and/or routing to other options exchanges until the original, incoming order is executed in its entirety;

(D) repeats the process described above by executing against the Book and/or routing to other options exchanges until the original, incoming order is executed in its entirety, or, if not executed in its entirety and a limit order, posts the unfilled balance of the order on the Book if the order's limit price is reached; or

(E) to the extent the System is unable to access a Protected Quotation and there are no other accessible Protected Quotations at the NBBO, cancels or rejects the order back to the User, provided, however, that this provision does not apply to Protected Quotations published by an options exchange against which the Exchange has declared self-help.

(2) *Routing Options.* Routing options may be combined with all available Order Instructions and Times-in-Force, with the exception of Order Instructions and Times-in-Force whose terms are inconsistent with the terms of a particular routing option. The System considers the quotations only of accessible markets. The term "System routing table" refers to the proprietary process for determining the specific options exchanges to which the System routes orders and the order in which it routes them. The Exchange reserves the right to maintain a different System routing table for different routing options and to modify the System routing table at any time without notice. The System routing options are:

(A) *ROUT.* ROUT is a routing option under which the System checks the Book for available contracts to execute against an order and then sends it to destinations on the System routing table. A User may select either Route To Improve ("RTI") or Route To Fill ("RTF") for the ROUT routing option. RTI may route to multiple destinations at a single price level simultaneously while RTF may route to multiple destinations and at multiple price levels simultaneously.

(B) *SWPA.* SWPA is a routing option (which is the default routing option) under which the System checks the Book for available contracts to execute against an order and then sends it to only Protected Quotations and only for displayed size. Any unexecuted portion of the routed order is posted to the Book at the order's limit price, unless otherwise instructed by the User.

(C) *Destination Specific.* Destination Specific is a routing option under which the System checks the Book for available contracts to execute against an order and then sends it to a specified away options exchange.

(D) *Directed ISO.* Directed ISO is a routing option under which the System does not check the Book for available contracts and sends the order to another options exchange specified by the User. It is the entering User's responsibility, not the Exchange's responsibility, to comply with the requirements relating to Intermarket Sweep Orders.

(3) *Re-Route Instructions.* Unless otherwise specified, the Re-Route instructions set forth below may be combined with any of the System routing options specified in subparagraph (a)(2) above.

(A) *Aggressive*. If the unexecuted portion of a routable order has been posted to the Book pursuant to subparagraph (a)(1) above, if the order's price is subsequently crossed by the quote of another accessible options exchange, the System routes the order to the crossing options exchange if the User has selected the Aggressive Re-Route instruction.

(B) *Super Aggressive*. If the unexecuted portion of a routable order has been posted to the Book pursuant to subparagraph (a)(1) above, if the order's price is subsequently locked or crossed by the quote of another accessible options exchange, the System routes the order to the locking or crossing options exchange if the User has selected the Super Aggressive Re-Route instruction.

(b) *Priority of Routed Orders.* The System does not rank or maintain in the Book pursuant to Rule 5.32 orders it has routed to other options exchanges, and therefore those orders are not available to execute against incoming orders. Once routed by the System, an order becomes subject to the rules and procedures of the destination options exchange, including, but not limited to, order cancellation. If a routed order (or unexecuted portion) is subsequently returned to the Exchange, the order (or unexecuted portion) receives a new time stamp reflecting the time the System receives the returned order.

(c) *Honoring Executions of Routed Orders.* Users whose orders are routed to other options exchanges must honor trades of those orders executed on other options exchanges to the same extent they would be required to honor trades of those orders if they had executed on the Exchange.

(d) *Cboe Trading as Outbound Router.* The Exchange routes orders via Cboe Trading, which serves as the Outbound Router of the Exchange, pursuant to Rule 3.63. The Outbound Router routes orders in options listed and open for trading on the Exchange to other options exchanges

pursuant to the Rules solely on behalf of the Exchange. The Outbound Router is subject to regulation as a facility of the Exchange, including the requirement to file proposed rule changes under Section 19 of the Exchange Act. Use of Cboe Trading or Routing Services described in paragraph (e) below to route orders to other market centers is optional. Parties that do not desire to use Cboe Trading for routing or other Routing Services provided by the Exchange must designate orders as not available for routing.

(e) *Non-Affiliated Routing Brokers*. Routing Services may be provided in conjunction with one or more routing brokers that are not affiliated with the Exchange. In connection with such services provided by a non-affiliated routing broker, the following shall apply:

(1) For each routing broker used by the Exchange, an agreement will be in place between the Exchange and the routing broker that will, among other things, restrict the use of any confidential and proprietary information that the routing broker receives to legitimate business purposes necessary for routing orders at the direction of the Exchange.

(2) The Exchange shall establish and maintain procedures and internal controls reasonably designed to adequately restrict the flow of confidential and proprietary information between the Exchange and the routing broker, and any other entity, including any affiliate of the routing broker, and, if the routing broker or any of its affiliates engages in any other business activities other than providing routing services to the Exchange, between the segment of the routing broker or affiliate that provides the other business activities and the segment of the routing broker that provides the routing services.

(3) The Exchange may not use a routing broker for which the Exchange or any affiliate of the Exchange is the DEA.

(4) The Exchange will provide its Routing Services in compliance with the provisions of the Act and the rules thereunder, including, but not limited to, the requirements in Section 6(b)(4) and (5) of the Exchange Act that the rules of a national securities exchange provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and issuers and other persons using its facilities, and not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

(5) For all Routing Services, the Exchange will determine the logic that provides when, how, and where orders are routed away to other exchanges.

(6) The routing broker will receive routing instructions from the Exchange, to route orders to other exchanges and report such executions back to the Exchange. The routing broker cannot change the terms of an order or the routing instructions, nor does the routing broker have any discretion about where to route an order.

(7) Any bid or offer entered on the Exchange routed to another exchange via a routing broker that results in an execution shall be binding on the Trading Permit Holder that entered such bid/offer.

(8) Each routing broker is required to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the

financial, regulatory and other risks of providing Trading Permit Holders and their customers access to other exchanges, pursuant to Rule 15c3-5 under the Exchange Act. Pursuant to the policies and procedures developed by the routing broker to comply with Rule 15c3-5, if an order or series of orders are deemed by the routing broker to violate the applicable pre-trade requirements of Rule 15c3-5, the routing broker will reject the order(s) prior to routing and may seek to cancel any orders that have been routed.

(9) Each routing broker shall maintain, in the name of the routing broker, one or more accounts for the purpose of liquidating unmatched trade positions that may occur in connection with the routing service provided under the Rule.

(1) establish and enforce policies and procedures reasonably designed to (i) adequately restrict the flow of confidential and proprietary information associated with the liquidation of the error positions in accordance with this paragraph (e), and (ii) prevent the use of information associated with other orders subject to the routing services when making determinations regarding the liquidation of error positions; and

(2) make and keep records associated with the liquidation of such routing broker error positions.

(f) *Market Access*. In addition to Rules regarding routing to away options exchanges, Cboe Trading has, pursuant to Rule 15c3-5 under the Exchange Act, implemented certain tests designed to mitigate the financial and regulatory risks associated with providing Trading Permit Holders with access to away options exchanges. Pursuant to the policies and procedures developed by Cboe Trading to comply with Rule 15c3-5, if an order or series of orders are deemed to be erroneous or duplicative, would cause the entering Trading Permit Holder's credit exposure to exceed a preset credit threshold, or are noncompliant with applicable pre-trade regulatory requirements (as defined in Rule 15c3- 5), Cboe Trading will reject the orders prior to routing and/or seek to cancel any orders that have been routed.

[Effective October 7, 2019 (SR-CBOE-2019-050); amended December 19, 2019 (SR-CBOE-2019-118)]

Rule 5.37. Automated Improvement Mechanism ("AIM" or "AIM Auction")

A Trading Permit Holder (the "Initiating TPH") may electronically submit for execution an order it represents as agent ("Agency Order") against principal interest or a solicited order(s) (except for an order for the account of any Market-Maker with an appointment in the applicable class on the Exchange) (an "Initiating Order") provided it submits the Agency Order for electronic execution into an AIM Auction pursuant to this Rule. For purposes of this Rule, the term "NBBO" means the national best bid or national best offer at the particular point in time applicable to the reference, and the term "Initial NBBO" means the national best bid or national best offer at the time an Auction is initiated. Bulk messages are not eligible for AIM.

(a) *AIM Auction Eligibility Requirements.* The Initiating TPH may initiate an AIM Auction if all of the following conditions are met:

(1) *Class.* An Agency Order must be in any class of options the Exchange designates as eligible for AIM Auctions.

(2) *Marking.* The Initiating TPH must mark an Agency Order for AIM Auction processing.

(3) *Size.* There is no minimum size for Agency Orders. The Initiating Order must be for the same size as the Agency Order.

(4*) Minimum Increment.* The price of the Agency Order and Initiating Order must be in an increment the Exchange determines on a class basis, which may be no smaller than of $0.01.

(5) *Post Only Orders.* The Initiating TPH may not designate an Agency Order or Initiating Order as Post Only.

(6) *Time.* The Initiating TPH may only submit an Agency Order to an AIM Auction after the market open.

(7) *NBBO.* The Initiating TPH may not submit an Agency Order if the NBBO is crossed (unless the Agency Order is an AIM ISO or Sweep and AIM).

The System rejects or cancels both an Agency Order and Initiating Order submitted to an AIM Auction that do not meet the conditions in this paragraph (a).

(b) *Stop Price.* The Initiating Order must stop the entire Agency Order at a price that satisfies the following:

(1) *NBBO.* The stop price must be:

(A) if a buy (sell) Agency Order is for less than 50 standard option contracts (or 500 mini-option contracts), at least one minimum increment better than the then-current NBO (NBB) or the Agency Order's limit price (if the order is a limit order), whichever is better; or

(B) if a buy (sell) Agency Order is for 50 standard option contracts (or 500 mini-option contracts) or more, at or better than the then-current NBO (NBB) or the Agency Order's limit price (if the order is a limit order), whichever is better.

(2) *Same-Side Orders.* If the Agency Order is to buy (sell), the stop price must be at least one minimum increment better than the Exchange best bid (offer), unless the Agency Order is a Priority Customer order and the resting order is not a Priority Customer, in which case the stop price must be at or better than the Exchange best bid (offer).

(3) *AON Orders.* If there is a buy (sell) AON order (either Priority Customer or non-Priority Customer) resting on the Book at a price at or better than the Exchange best bid (offer), the stop price must be at least one minimum increment higher (lower) than the price of the buy (sell) AON order.

(4) *AIM Sweep and Sweep and AIM Orders.* If the Initiating TPH submits an AIM Sweep or Sweep and AIM Order to an AIM Auction, AIM responses, stop price, and executions are permitted at a price inferior to the Initial NBBO. However, the stop price is still subject to the price improvement requirement in subparagraph (b)(1)(A) above.

(A) *AIM Sweep Order or AIM ISO.* An "AIM sweep order" or "AIM ISO" is the submission of two orders for crossing in an AIM Auction without regard for better-priced Protected Quotes (as defined in Rule 5.65) because the Initiating TPH routed an ISO(s) simultaneously with the routing of the AIM ISO to execute against the full displayed size of any Protected Quote that is better than the stop price and has swept all interest in the Book with a price better than the stop price. Any execution(s) resulting from these sweeps accrue to the AIM Agency Order.

(B) *Sweep and AIM Order.* A "Sweep and AIM order" is the submission of two orders for crossing in an AIM Auction with a stop price that does not need to be within the BBO and where the Exchange sweeps all Protected Quotes (as defined in Rule 5.65) by routing one or more ISOs, as necessary, to execute against the full displayed size of any Protected Quote with a price better than the stop price, as well as sweep all interest in the Book with a price better than the stop price simultaneously with the commencement of the AIM Auction. Any execution(s) resulting from these sweeps accrue to the AIM Agency Order. The two orders submitted as a Sweep and AIM order may not both be for the accounts of Priority Customers.

(5) *Single Price or Auto-Match.* The Initiating TPH must specify:

(A) a single price at which it seeks to execute the Agency Order against the Initiating Order (a "single-price submission"), including whether it elects to have last priority in allocation (as described in subparagraph (e)(5) below); or

(B) an initial stop price and instruction to automatically match the price and size of all AIM responses and other contra-side trading interest ("auto-match") at each price up to a designated limit price, or at all prices, better than the price at which the balance of the Agency Order can be fully executed (the "final auction price").

The System rejects or cancels both an Agency Order and Initiating Order submitted to an AIM Auction that do not meet the conditions in this paragraph (b).

(c) *AIM Auction Process.* Upon receipt of an Agency Order that meets the conditions in paragraphs (a) and (b), the AIM Auction process commences.

(1) *Concurrent Auctions in Same Series.* With respect to Agency Orders for less than 50 standard option contracts (or 500 mini-option contracts), only one AIM Auction may be ongoing at any given time in a series, and AIM Auctions in the same series may not queue or overlap in any manner. One or more AIM Auctions in the same series for Agency Orders of 50 standard option contracts (or 500 mini-option contracts) or more may occur at the same time. To the extent there is more than one AIM Auction in a series underway at a time, the AIM Auctions conclude sequentially based on the exact time each AIM Auction commenced, unless terminated early pursuant to paragraph (d). At the time each AIM Auction concludes,

the System allocates the Agency Order pursuant to paragraph (e) and takes into account all AIM Auction responses and unrelated orders and quotes in place at the exact time of conclusion. In the event there are multiple AIM Auctions underway that are each terminated early pursuant to paragraph (d), the System processes the AIM Auctions sequentially based on the exact time each AIM Auction commenced.

(2) *AIM Auction Notification Message.* The System initiates the AIM Auction process by sending an AIM Auction notification message detailing the side, size, Auction ID, and options series of the Agency Order to all Users that elect to receive AIM Auction notification messages. AIM Auction notification messages are not included in the disseminated BBO or OPRA.

(3) *AIM Auction Period.* The "AIM Auction period" is a period of time determined by the Exchange on a class-by-class basis, which may be no less than 100 milliseconds and no more than 3 seconds.

(4) *Modification or Cancellation.* An Initiating TPH may not modify or cancel an Agency Order or Initiating Order after submission to an AIM Auction.

(5) *AIM Auction Responses.* All Users may submit responses to an AIM Auction that are properly marked specifying price, size, side of the market, and the Auction ID for the AIM Auction to which the User is submitting the response. An AIM response may only participate in the AIM Auction with the Auction ID specified in the response.

(A) The minimum price increment for AIM responses is the same as the one the Exchange determines for a class pursuant to subparagraph (a)(4) above. The System rejects an AIM response that is not in the applicable minimum increment.

(B) AIM buy (sell) responses are capped at the Exchange best offer (bid), or one minimum increment better than the Exchange best offer (bid) if it is represented by a Priority Customer on the Book (unless the Agency Order is an AIM ISO or Sweep and AIM) that exists at the conclusion of the AIM Auction. The System executes these AIM responses, if possible, at the most aggressive permissible price not outside the BBO at the conclusion of the AIM Auction or Initial NBBO.

(C) A User may submit multiple AIM responses at the same or multiple prices to an AIM Auction. For purposes of an AIM Auction, the System aggregates all of a User's orders and quotes on the Book and AIM responses for the same EFID at the same price.

(D) The System caps the size of an AIM response, or the aggregate size of a User's orders and quotes on the Book and AIM responses for the same EFID at the same price, at the size of the Agency Order (*i.e.*, the System ignores size in excess of the size of the Agency Order when processing the AIM Auction).

(E) AIM responses must be on the opposite side of the market as the Agency Order. The System rejects an AIM response on the same side of the market as the Agency Order.

(F) AIM responses may be designated with the MTP modifier of MTP Cancel Newest, but no other MTP modifiers. The System rejects an AIM response with any other MTP modifier.

(G) AIM responses may not be designated as IOC or FOK. The System rejects an AIM response designated as IOC or FOK.

(H) AIM responses are not visible to AIM Auction participants or disseminated to OPRA.

(I) A User may modify or cancel its AIM responses during the AIM Auction.

(d) *Conclusion of AIM Auction.*

(1) An AIM Auction concludes at the earliest to occur of the following times:

(A) the end of the Auction period;

(B) upon receipt by the System of a Priority Customer order on the same side of the market with a price the same as or better than the stop price of the Agency Order that would post to the Book;

(C) upon receipt by the System of an unrelated order or quote, including a Post Only order or quote, that is not a Priority Customer order on the same side of the market as the Agency Order that would cause the Agency Order's stop price to be outside of the BBO;

(D) the market close; and

(E) any time the Exchange halts trading in the affected series, provided, however, that in such instance the AIM Auction concludes without execution.

(2) An unrelated market or marketable limit order (against the BBO), including a Post Only order, on the opposite side of the Agency Order received during the AIM Auction does not cause the AIM Auction to end early and executes against interest outside of the AIM Auction. If contracts remain from such unrelated order at the time the AIM Auction ends, they may be allocated for execution against the Agency Order pursuant to paragraph (e) below.

(e) *Execution of Agency Order.* At the conclusion of the Auction, the System allocates contra-side interest against the Agency Order at the best price(s) as follows, to the price at which the balance of the Agency Order can be fully executed (the "final auction price"), as follows. Any execution price(s) must be at or better than both sides of the BBO existing at the conclusion of the AIM Auction and at or better than both sides of the Initial NBBO.

(1) *No Price Improvement.* If the Auction results in no price improvement, the System executes the Agency Order at the stop price in the following order:

(A) Priority Customer orders on the Book (in time priority);

(B) The Initiating Order for the greater of (i) one contract or (ii) up to 50% of the Agency Order if there is interest from one other User at the same price or 40% of the Agency Order if there is interest from two or more other Users at the same price (which percentages are based on the number of contracts remaining after execution against Priority Customer orders). Under no circumstances does the Initiating TPH receive an allocation percentage at the final auction price of more than 50% of the initial Agency Order in the event there is interest from one other User or 40% of the initial Agency Order in the event there is interest from two or more other Users. No participation entitlement applies to order executed pursuant to this Rule;

(C) Priority Orders (if the Exchange has designated the class as eligible for Priority Order status, as described below), pursuant to the base allocation algorithm applicable to the class pursuant to Rule 5.32(b);

(D) All other contra-side trading interest (including AIM responses and orders and quotes on the Book, excluding all AON orders (both Priority Customer and non-Priority Customer)), pursuant to the base allocation algorithm applicable to the class pursuant to Rule 5.32(b); and

(E) The Initiating Order to the extent there are any remaining contracts.

(2) *Price Improvement with Single-Price Submission.* If the Auction results in price improvement for the Agency Order and the Initiating TPH selected a single-price submission, at each price better than final auction price, the System executes the Agency Order in the following order:

(A) Priority Customer orders on the Book (in time priority);

(B) Priority Orders (if the Exchange has designated the class as eligible for Priority Order status, as described below), pursuant to the base allocation algorithm applicable to the class pursuant to Rule 5.32(b);

(C) All other contra-side trading interest (including AIM responses and orders and quotes on the Book), pursuant to the base allocation algorithm applicable to the class pursuant to Rule 5.32(b);

(D) Nondisplayed Reserve Quantity (Priority Customer before non-Priority Customer, each in time priority); and

(E) AON orders, if there is sufficient size to satisfy the size of the AON order (Priority Customer before non-Priority Customer, each in time priority).

At the final auction price, the System executes any remaining contracts from the Agency Order at that price in the order set forth in subparagraph (e)(1).

(3) *Price Improvement with Auto-Match.* If the Auction results in price improvement for the Agency Order and the Initiating TPH selected auto-match, at each price level better than the final auction price (or at each price level better than the final auction price up to the limit price

if the Initiating TPH specified one), the System executes the Agency Order against the Initiating Order for the number of contracts equal to the aggregate size of all other contra-side interest (including orders, quotes, and AIM responses, excluding the size of any AON orders) and then executes the Agency Order against that contra-side interest in the order set forth in subparagraph (e)(2) (including AON orders for which the size can be satisfied). At the final auction price, the System executes those contracts at that price in the order set forth in subparagraph (e)(1).

(4) *Priority Order Status.* If the Exchange designates a class as eligible for Priority Order status, Users with displayed resting quotes and orders that were at a price equal to the Initial NBBO on the opposite side of the market from the Agency Order ("Priority Orders") have priority up to their size in the Initial NBBO at each price level at or better than the Initial NBBO (after Priority Customers and the Initiating TPH have received allocations, as set forth in subparagraphs (e)(1) through (3) above). Priority Order status is only valid for the duration of the particular AIM Auction.

(5) *Last Priority.* If the Initiating TPH selects a single-price submission, it may elect for the Initiating Order to have last priority to trade against the Agency Order. If the Initiating TPH elects last priority, then notwithstanding subparagraphs (e)(1) and (2), the System only executes the Initiating Order against any remaining Agency Order contracts at the stop price after the Agency Order is allocated to all other contra-side interest (in the order set forth in subparagraph (e)(2) above) at all prices equal to or better than the stop price (excluding AON orders at the stop price). Last Priority information is not available to other market participants and may not be modified after it is submitted.

(6) *Unexecuted Responses.* The System cancels or rejects any unexecuted AIM responses (or unexecuted portions) at the conclusion of the AIM Auction.

(f) *Customer-to-Customer Immediate Crosses.* In lieu of the procedures set forth above, an Initiating TPH may enter an Agency Order for the account of a Priority Customer paired with a solicited order(s) for the account of a Priority Customer, which paired orders the System automatically executes without an AIM Auction ("Customer-to-Customer AIM Immediate Cross"), subject to the following:

(1) The price of the transaction must be at or between the BBO and the NBBO and not at the same price as any Priority Customer Order resting on the Book; and

(2) The System does not initiate a Customer-to-Customer AIM Immediate Cross if there is a resting Priority Customer order on the same side or opposite side of, and at the same price as, the Agency Order, and instead cancels the Agency Order and Initiating Order.

Interpretations and Policies

.01 A TPH may only use an AIM Auction where there is a genuine intention to execute a bona fide transaction.

.02 A pattern or practice of submitting orders or quotes for the purpose of disrupting or manipulating AIM Auctions, including to cause an Auction to conclude before the end of the Auction period, will be deemed conduct inconsistent with just and equitable principles of trade and a violation of Rule 8.1.

It will also be deemed conduct inconsistent with just and equitable principles of trade and a violation of Rule 8.1 to engage in a pattern of conduct where the Initiating TPH breaks up an Agency Order into separate orders for the purpose of gaining a higher allocation percentage than the Initiating TPH would have otherwise received in accordance with the allocation procedures contained in paragraph (e) above.

.03 Rule 5.9 prevents a TPH from executing agency orders to increase its economic gain from trading against the order without first giving other trading interests on the Exchange an opportunity to either trade with the agency order or to trade at the execution price when the TPH was already bidding or offering on the book. However, the Exchange recognizes that it may be possible for a TPH to establish a relationship with a Priority Customer or other person to deny agency orders the opportunity to interact on the Exchange and to realize similar economic benefits as it would achieve by executing agency orders as principal. It would be a violation of Rule 5.9 for a TPH to circumvent that rule by providing an opportunity for (a) a Priority Customer affiliated with the TPH, or (b) a Priority Customer with whom the TPH has an arrangement that allows the TPH to realize similar economic benefits from the transaction as the TPH would achieve by executing agency orders as principal, to regularly execute against agency orders handled by the firm immediately upon their entry as Customer-to-Customer AIM Immediate Crosses pursuant to paragraph (f) of this Rule.

[Effective October 7, 2019 (SR-CBOE-2019-045); amended December 19, 2019 (SR-CBOE-2019-118); amended March 10, 2020 (SR-CBOE-2020-017)]

Rule 5.38. Complex Automated Improvement Mechanism ("C-AIM" or "C-AIM Auction")

A Trading Permit Holder (the "Initiating TPH") may electronically submit for execution a complex order it represents as agent ("Agency Order") against principal interest or a solicited complex order(s) (an "Initiating Order") provided it submits the Agency Order for electronic execution into a C-AIM Auction pursuant to this Rule. For purposes of this Rule, the term "SBBO" means the synthetic best bid or offer on the Exchange at the particular point in time applicable to the reference.

(a) *C-AIM Auction Eligibility Requirements.* The Initiating TPH may initiate a C-AIM Auction if all of the following conditions are met:

(1) *Class.* An Agency Order must be in any class of options the Exchange designates as eligible for C-AIM Auctions.

(2) *Marking.* The Initiating TPH must mark an Agency Order for C-AIM Auction processing.

(3) *Size*. There is no minimum size for Agency Orders. The Initiating Order must be for the same size as the Agency Order.

(4) *Minimum Increment.* The price of the Agency Order and Initiating Order must be in an increment the Exchange determines on a class basis, which may be no smaller than $0.01.

(5) *Post Only Orders.* The Initiating TPH may not designate an Agency Order or Initiating Order as Post Only.

(6) *Time*. The Initiating TPH may only submit an Agency Order to a C-AIM Auction after the COB opens.

The System rejects or cancels both an Agency Order and Initiating Order submitted to a C-AIM Auction that do not meet the conditions in this paragraph (a).

(b) *Stop Price.* The Initiating Order must stop the entire Agency Order at a price that satisfies the following:

(1) *Same-Side Simple Orders.* If the Agency Order is to buy (sell) and:

(A) the applicable side of the BBO on any component of the complex strategy represents a Priority Customer order on the Simple Book, the stop price must be at least one minimum increment better than the SBB (SBO); or

(B) the applicable side of the BBO on each component of the complex strategy represents a non-Priority Customer order or quote on the Simple Book, the stop price must be at or better than the SBB (SBO).

(2) *Same-Side Complex Orders.* If the Agency Order is to buy (sell) and a buy (sell) complex order rests on the COB, the stop price must be at least one minimum increment better than the bid (offer) of the resting complex order, unless the Agency Order is a Priority Customer order and the resting complex order is a non-Priority Customer order, in which case the stop price must be at or better than the bid (offer) of the resting complex order.

(3) *Opposite-Side Simple Orders.* If the Agency Order is to buy (sell) and:

(A) the BBO of any component of the complex strategy represents a Priority Customer order on the Simple Book, the stop price must be at least one minimum increment better than the SBO (SBB); or

(B) the BBO of each component of the complex strategy represents a non-Priority Customer quote or order on the Simple Book, the stop price must be at or better than the SBO (SBB).

(4) *Execution Price.* The Initiating TPH must specify:

(A) a single price at which it seeks to execute the Agency Order against the Initiating Order (a "single-price submission"), including whether it elects to have last priority in allocation (as described in subparagraph (e)(4) below); or

(B) an initial stop price and instruction to automatically match the price and size of all C-AIM responses and other trading interest ("auto-match") up to a designated limit price or at all prices that improve the stop price.

The System rejects or cancels both an Agency Order and Initiating Order submitted to a C-AIM Auction that do not meet the conditions in this paragraph (b).

(c) *C-AIM Auction Process.* Upon receipt of an Agency Order that meets the conditions in paragraphs (a) and (b), the C-AIM Auction process commences.

(1) *Concurrent C-AIM Auctions in Same Complex Strategies.*

(A) With respect to Agency Orders for which the smallest leg is less than 50 standard option contracts (or 500 mini-option contracts), only one C-AIM Auction may be ongoing at any given time in a complex strategy, and C-AIM Auctions in the same complex strategy may not queue or overlap in any manner. One or more C-AIM Auctions in the same complex strategy for Agency Orders for which the smallest leg is 50 standard option contracts (or 500 mini-option contracts) or more may occur at the same time. C-AIM Auctions in different complex strategies may be ongoing at any given time, even if the complex strategies have overlapping components. A C-AIM Auction may be ongoing at the same time as an AIM Auction in any component of the complex strategy.

(B) To the extent there is more than one C-AIM Auction in a complex strategy underway at a time, the C-AIM Auctions conclude sequentially based on the exact time each C-AIM Auction commenced, unless terminated early pursuant to paragraph (d). In the event there are multiple C-AIM Auctions underway that are each terminated early pursuant to paragraph (d), the System processes the C-AIM Auctions sequentially based on the exact time each C-AIM Auction commenced. If the System receives a simple order that causes an AIM and C-AIM (or multiple AIM and/or C-AIM) Auctions to conclude pursuant to paragraph (d) and Rule 5.38(d), the System first processes AIM Auctions (in price-time priority) and then processes C-AIM Auctions (in price-time priority).

(C) At the time each C-AIM Auction concludes, the System allocates the Agency Order pursuant to paragraph (e) and takes into account all C-AIM Auction responses and unrelated complex orders in place at the exact time of conclusion.

(2) *C-AIM Auction Notification Message*. The System initiates the C-AIM Auction process by sending a C-AIM Auction notification message detailing the side, size, Auction ID, and complex strategy of the Agency Order to all TPHs that elect to receive C-AIM Auction notification messages. C-AIM Auction notification messages are not included in OPRA.

(3) *C-AIM Auction Period*. The "C-AIM Auction period" is a period of time determined by the Exchange on a class-by-class basis, which may be no less than 100 milliseconds and no more than 3 seconds.

(4) *Modification or Cancellation.* An Initiating TPH may not modify or cancel an Agency Order or Initiating Order after submission to a C-AIM Auction.

(5) *C-AIM Auction Responses*. Any User other than the Initiating TPH (the response cannot have the same EFID as the Initiating Order) may submit responses to a C-AIM Auction that are properly marked specifying price, size, side of the market, and the Auction ID for the C-AIM Auction to which the User is submitting the response. A C-AIM Auction response may only participate in the C-AIM Auction with the Auction ID specified in the response.

(A) The minimum price increment for C-AIM responses is the same as the one the Exchange determines for a class pursuant to subparagraph (a)(4) above. The System rejects a C-AIM response that is not in the applicable minimum increment.

(B) C-AIM buy (sell) responses are capped at the following prices that exist at the conclusion of the C-AIM Auction: (i) the better of the SBO (SBB) or the offer (bid) of a resting complex order at the top of the COB; or (ii) one minimum increment lower (higher) than the better of the SBO (SBB) or the offer (bid) of a resting complex order at the top of the COB if the BBO of any component of the complex strategy or the resting complex order, respectively, is a Priority Customer order. The System executes these C-AIM responses, if possible, at the most aggressive permissible price not outside the SBBO at the conclusion of the C-AIM Auction or price of the resting complex order.

(C) A User may submit multiple C-AIM responses at the same or multiple prices to a C-AIM Auction. The System aggregates all of a User's complex orders on the COB and C-AIM responses for the same EFID at the same price.

(D) The System caps the size of a C-AIM response, or the aggregate size of a User's complex orders on the COB and C-AIM responses for the same EFID at the same price, at the size of the Agency Order (*i.e.*, the System ignores size in excess of the size of the Agency Order when processing the C-AIM Auction).

(E) C-AIM responses must be on the opposite side of the market as the Agency Order. The System rejects a C-AIM response on the same side of the market as the Agency Order.

(F) C-AIM responses may be designated with the MTP modifier of MTP Cancel Newest, but no other MTP modifiers. The System rejects a C-AIM response with any other MTP modifier.

(G) C-AIM responses may not be designated as IOC. The System rejects a C-AIM response designated as IOC.

(H) C-AIM responses are not be visible to C-AIM Auction participants or disseminated to OPRA.

(I) A User may modify or cancel its C-AIM responses during the C-AIM Auction.

(d) *Conclusion of C-AIM Auction.*

(1) A C-AIM Auction concludes at the earliest to occur of the following times:

(a) the end of the C-AIM Auction period;

(b) upon receipt by the System of an unrelated non-Priority Customer complex order on the same side as the Agency Order that would post to the COB at a price better than the stop price;

(c) upon receipt by the System of an unrelated Priority Customer complex order on the same side as the Agency Order that would post to the COB at a price equal to or better than the stop price;

(d) upon receipt by the System of an unrelated non-Priority Customer order or quote that would post to the Simple Book and cause the SBBO on the same side as the Agency Order to be better than the stop price;

(e) upon receipt by the System of an unrelated Priority Customer order in any component of the complex strategy that would post to the Simple Book and cause the SBBO on the same side as the Agency Order to be equal to or better than the stop price;

(f) upon receipt by the System of a simple non-Priority Customer order that would cause the SBBO on the opposite side of the Agency Order to be better than the stop price, or a Priority Customer order that would cause the SBBO on the opposite side of the Agency Order to be equal to or better than the stop price;

(g) upon receipt by the System of an order that would cause the SBBO to be a price not permissible under the Limit Up-Limit Down Plan or Regulation SHO, provided, however, that in such instance, the C-AIM Auction concludes without execution;

(h) the market close; and

(i) any time the Exchange halts trading in the complex strategy or any component of the complex strategy, provided, however, that in such instance, the C-AIM Auction concludes without execution.

(2) If the System receives an unrelated market or marketable limit complex order (against the SBBO or the best price of a complex order resting in the COB), including a Post Only complex order, on the opposite side of the market during a C-AIM Auction, the C-AIM Auction does not end early, and the System executes the order against interest outside the C-AIM Auction or posts the complex order to the COB. If contracts remain from the unrelated complex order at the time the C-AIM Auction ends, they may be allocated for execution against the Agency Order pursuant to paragraph (e) below.

(e) *Execution of Agency Order.* At the conclusion of the C-AIM Auction, the System executes the Agency Order against the Initiating Order or contra-side complex interest (which includes complex orders on the COB and C-AIM responses) at the best price(s), to the price at which the balance of the Agency Order can be fully executed (the "final auction price"), as follows. Any execution price(s) must be at or between the SBBO and the best prices of any complex orders resting on the each side of the COB at the conclusion of the C-AIM Auction:

(1) *No Price Improvement.* If the C-AIM Auction results in no price improvement, the System executes the Agency Order at the final auction price (which equals the stop price) against contra-side interest in the following order:

(A) Priority Customer complex orders on the COB (in time priority);

(B) the Initiating Order for the greater of (i) one contract or (ii) up to 50% of the Agency Order if there is contra-side complex interest from one other User at the final auction price or 40% of the Agency Order if there is contra-side complex interest from two or more other Users at the final auction price (which percentages are based on the number of contracts remaining after execution against Priority Customer complex orders). Under no circumstances does the Initiating TPH receive an allocation percentage, at the final auction price, of more than 50% of the initial Agency Order in the event there is interest from one other User or 40% of the initial Agency Order in the event there is interest from two or more other Users;

(C) all other contra-side complex interest in a pro-rata manner; and

(D) the Initiating Order to the extent there are any remaining contracts.

(2) *Price Improvement with Single-Price Submission.* If the C-AIM Auction results in price improvement for the Agency Order and the Initiating TPH selected a single-price submission, the System executes the Agency Order at each price level better than the stop price against contra-side complex interest in the following order:

(A) Priority Customer complex orders on the COB (in time priority); and

(B) all other contra-side complex interest in a pro-rata manner.

If the final auction price equals the stop price, then the System executes any remaining contracts from the Agency Order at that price in the order set forth in subparagraph (e)(1).

(3) *Price Improvement with Auto-Match.* If the C-AIM Auction results in price improvement for the Agency Order and the Initiating TPH selected auto-match, at each price level better than the final auction price (or at each price level better than the final auction price up to the limit price if the Initiating TPH specified one), the System executes the Agency Order against the Initiating Order for the number of contracts equal to the aggregate size of all other contra-side complex interest and then executes the Agency Order against that contra-side complex interest in the order set forth in subparagraph (e)(2). At the final auction price, the System executes those contracts at that price in the order set forth in subparagraph (e)(1).

(4) *Last Priority.* If the Initiating TPH selects a single-price submission, it may elect for the Initiating Order to have last priority to trade against the Agency Order. If the Initiating TPH elects last priority, then notwithstanding subparagraphs (e)(1) and (2), the System only executes the Initiating Order against any remaining Agency Order contracts at the stop price after the Agency Order is allocated to all other contra-side interest (in the order set forth in subparagraph (e)(2) above) at all prices equal to or better than the stop price. Last priority information is not available to other market participants and may not be modified after it is submitted.

(5) *Complex Order Prices and Priority.* Executions following a C-AIM Auction for a complex Agency Order are subject to the complex order price restrictions and priority in Rule 5.33(f)(2).

(6) *Unexecuted Responses.* The System cancels or rejects any unexecuted C-AIM responses (or unexecuted portions) at the conclusion of the C-AIM Auction.

(f) *Customer-to-Customer Immediate Crosses.* In lieu of the procedures set forth above, an Initiating TPH may enter an Agency Order for the account of a Priority Customer paired with a solicited order(s) for the account of a Priority Customer (which orders the Initiating TPH cannot designate as Post Only), which paired orders the System automatically executes without a C-AIM Auction ("Customer-to-Customer C-AIM Immediate Cross"), subject to the following:

(1) the transaction price must be at or between the SBBO and may not equal either side of the SBBO if the BBO of any component of the complex strategy represents a Priority Customer order on the Simple Book;

(2) the transaction price must be at or between the best-priced complex orders in the complex strategy resting on the COB and may not equal the price of a Priority Customer complex order resting on either side of the COB; and

(3) the System does not initiate a Customer-to-Customer Complex C-AIM Immediate Cross if the transaction price equals (A) either side of the SBBO and the BBO of any component of the complex strategy represents a Priority Customer order on the Simple Book, or (B) the price of a Priority Customer complex order resting on either side of the COB. Instead, the System cancels the Agency Order and Initiating Order.

Interpretations and Policies

.01 A TPH may only use a C-AIM Auction where there is a genuine intention to execute a bona fide transaction.

.02 A pattern or practice of submitting orders or quotes for the purpose of disrupting or manipulating C-AIM Auctions, including to cause a C-AIM Auction to conclude before the end of the C-AIM Auction period, will be deemed conduct inconsistent with just and equitable principles of trade and a violation of Rule 8.1. It will also be deemed conduct inconsistent with just and equitable principles of trade and a violation of Rule 8.1 to engage in a pattern of conduct where the Initiating TPH breaks up an Agency Order into separate orders for the purpose of gaining a higher allocation percentage than the Initiating TPH would have otherwise received in accordance with the allocation procedures contained in paragraph (e) above.

.03 Rule 5.9 prevents a TPH from executing agency orders to increase its economic gain from trading against the order without first giving other trading interests on the Exchange an opportunity to either trade with the agency order or to trade at the execution price when a TPH was already bidding or offering on the book. However, the Exchange recognizes that it may be possible for a TPH to establish a relationship with a Priority Customer or other person to deny agency orders the opportunity to interact on the Exchange and to realize similar economic benefits as it would achieve by executing agency orders as principal. It would be a violation of Rule 5.9 for a TPH to circumvent such rule by providing an opportunity for (a) a Priority Customer affiliated with the TPH, or (b) a Priority Customer with whom the TPH has an arrangement that allows the TPH to realize similar economic benefits from the transaction as the TPH would achieve by executing agency orders as principal, to regularly execute against agency orders handled by the firm

immediately upon their entry as Customer-to-Customer C-AIM Immediate Crosses pursuant to paragraph (f) of this Rule.

[Effective October 7, 2019 (SR-CBOE-2019-051); amended December 19, 2019 (SR-CBOE-2019-118); amended March 10, 2020 (SR-CBOE-2020-017)]

Rule 5.39. Solicitation Auction Mechanism ("SAM" or "SAM Auction")

A Trading Permit Holder (the "Initiating TPH") may electronically submit for execution an order it represents as agent ("Agency Order") against a solicited order(s) (which cannot have a Capacity F for the same EFID as the Agency Order or be for the account of any Market-Maker with an appointment in the applicable class on the Exchange) ("Solicited Order") if it submits the Agency Order for electronic execution into a SAM Auction pursuant to this Rule. The Agency Order and Solicited Order cannot both be for the accounts of Priority Customers. For purposes of this Rule, the term "NBBO" means the national best bid or national best offer at the particular point in time applicable to the reference, and the term "Initial NBBO" means the national best bid or national best offer at the time a SAM Auction is initiated.

(a) *SAM Auction Eligibility Requirements.* The Initiating TPH may initiate a SAM Auction if all of the following conditions are met:

(1) *Class.* An Agency Order must be in any class of options the Exchange designates as eligible for SAM Auctions.

(2) *Marking.* The Initiating TPH must mark an Agency Order for SAM Auction processing.

(3) *Size.* The Agency Order must be for at least the minimum size designated by the Exchange (which may not be less than 500 standard option contracts or 5,000 mini-option contracts). The Solicited Order must be for (or must total, if the Solicited Order is comprised of multiple solicited orders) the same size as the Agency Order.

(4) *Minimum Increment.* The price of the Agency Order and Solicited Order must be in an increment the Exchange determines on a class basis, which may be no smaller than $0.01.

(5) *Post Only Orders.* The Initiating TPH may not designate an Agency Order or Solicited Order as Post Only.

(6) *Time.* The Initiating TPH may only submit an Agency Order to a SAM Auction after the market open.

(7) *NBBO.* The Initiating TPH may not submit an Agency Order if the NBBO is crossed (unless the Agency Order is a SAM ISO).

The System rejects or cancels both an Agency Order and Solicited Order submitted to a SAM Auction that do not meet the conditions in this paragraph (a).

(b) *Stop Price.* The Solicited Order must stop the entire Agency Order at a price that satisfies the following conditions:

(1) *NBBO.* The stop price for a buy (sell) Agency Order must be at or better than the then-current NBO (NBB).

(2) *Same-Side Orders.* If the Agency Order is to buy (sell), the stop price must be at least one minimum increment better than the Exchange best bid (offer), unless the Agency Order is a Priority Customer order and the resting order is a non-Priority Customer order, in which case the stop price must be at or better than the Exchange best bid (offer).

(3) *Opposite-Side Orders.* If the Agency Order is to buy (sell) and the Exchange best offer (bid) represents:

(A) a Priority Customer order on the Book, the stop price must be at least one minimum increment better than the Exchange best offer (bid); or

(B) a quote or order that is not a Priority Customer order on the Book, the stop price must be at or better than the Exchange best offer (bid).

(4) *SAM Sweep Orders.* A "SAM sweep order" or "SAM ISO" is the submission of two orders for crossing in a SAM Auction without regard for better-priced Protected Quotes (as defined in Rule 5.65) because the Initiating TPH routed an ISO(s) simultaneously with the routing of the SAM ISO to execute against the full displayed size of any Protected Quote that is better than the stop price and has swept all interest in the Book with a price better than the stop price. Any execution(s) resulting from these sweeps accrue to the SAM Agency Order.

The System rejects or cancels both an Agency Order and Solicited Order submitted to a SAM Auction that do not meet the conditions in this paragraph (b).

(c) *SAM Auction Process.* Upon receipt of an Agency Order that meets the conditions in paragraphs (a) and (b), the SAM Auction process commences.

(1) *Concurrent Auctions in Same Series.* One or more SAM Auctions in the same series may occur at the same time. To the extent there is more than one SAM Auction in a series underway at a time, the SAM Auctions conclude sequentially based on the exact time each SAM Auction commenced, unless terminated early pursuant to paragraph (d). At the time each SAM Auction concludes, the System allocates the Agency Order pursuant to paragraph (e) and takes into account all SAM Auction responses and unrelated orders and quotes in place at the exact time of conclusion. In the event there are multiple SAM Auctions underway that are each terminated early pursuant to paragraph (d), the System processes the SAM Auctions sequentially based on the exact time each SAM Auction commenced.

(2) *SAM Auction Notification Message.* The System initiates the SAM Auction process by sending a SAM Auction notification message detailing the side, size, price, Capacity, Auction ID, and options series of the Agency Order to all TPHs that elect to receive SAM Auction notification messages. SAM Auction notification messages are not included in the disseminated BBO or OPRA.

(3) *SAM Auction Period.* The "SAM Auction period" is a period of time determined by the Exchange, which may be no less than 100 milliseconds and no more than one second.

(4) *Modification or Cancellation.* The Initiating TPH may not modify or cancel an Agency Order or Solicited Order after submission to a SAM Auction.

(5) *SAM Auction Responses.* Any User other than the Initiating TPH (which response cannot have the same EFID as the Agency Order) may submit responses to a SAM Auction that are properly marked specifying size, side of the market, and the Auction ID for the SAM Auction to which the User is submitting the response. A SAM response may specify a limit price or be treated as market. A SAM response may only participate in the SAM Auction with the Auction ID specified in the response.

(A) The minimum price increment for SAM responses is the same as the one the Exchange determines for a class pursuant to subparagraph (a)(4) above. The System rejects a SAM response that is not in the applicable minimum increment.

(B) SAM buy (sell) responses are capped at the Exchange best offer (bid), or one minimum increment better than the Exchange best offer (bid) if it is represented by a Priority Customer order resting on the Book (unless the Agency Order is a SAM ISO) that exists at the conclusion of the SAM Auction. The System executes SAM responses, if possible, at the most aggressive permissible price not outside the BBO that exists at the conclusion of the SAM Auction or the Initial NBBO.

(C) A User may submit multiple SAM responses at the same or multiple prices to a SAM Auction. For purposes of the SAM Auction, the System aggregates all of a User's orders and quotes resting on the Book and SAM responses for the same EFID at the same price.

(D) The System caps the size of a SAM response, or the aggregate size of a User's orders and quotes resting on the Book and SAM responses for the same EFID at the same price, at the size of the Agency Order (*i.e.*, the System ignores size in excess of the size of the Agency Order when processing the SAM Auction).

(E) SAM responses must be on the opposite side of the market as the Agency Order. The System rejects a SAM response on the same side of the market as the Agency Order.

(F) SAM responses are not visible to SAM Auction participants or disseminated to OPRA.

(G) A User may modify or cancel its SAM responses during a SAM Auction.

(d) *Conclusion of SAM Auction.*

(1) A SAM Auction concludes at the earliest to occur of the following times:

(A) the end of the SAM Auction period;

(B) upon receipt by the System of a Priority Customer order on the same side of the market with a price the same as or better than the stop price that would post to the Book;

(C) upon receipt by the System of an unrelated order or quote that is not a Priority Customer order on the same side of the market as the Agency Order that would cause the stop price to be outside of the BBO;

(D) the market close; and

(E) any time the Exchange halts trading in the affected series, provided, however, that in such instance the SAM Auction concludes without execution.

(2) An unrelated market or marketable limit order (against the BBO), including a Post Only Order, on the opposite side of the Agency Order received during the SAM Auction does not cause the SAM Auction to end early and executes against interest outside of the SAM Auction. If contracts remain from such unrelated order at the time the SAM Auction ends, they may be allocated for execution against the Agency Order pursuant to paragraph (e) below.

(e) *Execution of Agency Order.* At the conclusion of the SAM Auction, the System executes the Agency Order against the Solicited Order or contra-side interest (which includes orders and quotes resting in the Book and SAM responses) at the best price(s) as follows. Any execution price(s) must be at or between the BBO existing at the conclusion of the SAM Auction and at or between the Initial NBBO.

(1) *Execution Against Solicited Order.* The System executes the Agency Order against the Solicited Order at the stop price if there are no Priority Customer Orders (including Priority Customer AON Orders) on the opposite side of the Agency Order resting in the Book at the stop price and the aggregate size of contra-side interest at an improved price(s) is insufficient to satisfy the Agency Order.

(2) *Execution Against Contra-Side Interest.* The System executes the Agency Order against contra-side interest (and cancels the Solicited Order) if (A) there is a Priority Customer order (including a Priority Customer AON order) on the opposite side of the Agency Order resting on the Book at the stop price and the aggregate size of the Priority Customer order and other contra-side interest at the stop price or an improved price(s) is sufficient to satisfy the Agency Order or (B) the aggregate size of contra-side interest at an improved price(s) is sufficient to satisfy the Agency Order. The Agency Order executes against such contra-side interest at each price level to the price at which the balance of the Agency Order can be fully executed, in the following order:

(A) Priority Customer orders (including Priority Customer AON orders) on the Book (displayed Priority Customer orders before Priority Customer AON orders, each in time priority);

(B) remaining contra-side trading interest (including non-Priority Customer orders and quotes in the Book and SAM responses) pursuant to Rule 21.8(c);

(C) any nondisplayed Reserve Quantity (Priority Customer before non-Priority Customer, each in time priority); and

(D) any non-Priority Customer AON orders, if there is sufficient size to satisfy the size of the AON order.

(3) *No Execution.* The System cancels the Agency Order and Solicited Order with no execution if:

(A) execution of the Agency Order against the Solicited Order pursuant to subparagraph (1) above at the stop price would not be at or between the BBO at the conclusion of the SAM Auction or (2) at or between the Initial NBBO; or

(B) there is a Priority Customer order (including a Priority Customer AON order) resting on the opposite side of the Agency Order at the stop price on the Book, and the aggregate size of the Priority Customer order and any other contra-side interest is insufficient to satisfy the Agency Order.

(4) *Unexecuted SAM Responses.* The System cancels or rejects any unexecuted SAM responses (or unexecuted portions) at the conclusion of a SAM Auction.

Interpretations and Policies

.01 Prior to entering Agency Orders into a SAM Auction on behalf of customers, Initiating TPHs must deliver to the customer a written notification informing the customer that his order may be executed using the SAM Auction. The written notification must disclose the terms and conditions contained in this Rule 5.39 and be in a form approved by the Exchange.

.02 Under Rule 5.39, Initiating TPHs may enter contra-side orders that are solicited. SAM provides a facility for TPHs that locate liquidity for their customer orders. TPHs may not use the SAM Auction to circumvent Rule 5.9 or 5.37 limiting principal transactions. This may include, but is not limited to, TPHs entering contra-side orders that are solicited from (a) affiliated broker-dealers or (b) broker-dealers with which the TPH has an arrangement that allows the TPHs to realize similar economic benefits from the solicited transaction as it would achieve by executing the customer order in whole or in part as principal.

[Effective October 7, 2019 (SR-CBOE-2019-063)]

Rule 5.40. Complex Solicitation Auction Mechanism ("C-SAM" or "C-SAM Auction")

A Trading Permit Holder (the "Initiating TPH") may electronically submit for execution a complex order it represents as agent ("Agency Order") against a solicited complex order(s) (which cannot have a Capacity of F for the same EFID as the Agency Order) ("Solicited Order") if it submits the Agency Order for electronic execution into a C-SAM Auction pursuant to this Rule. The Agency Order and Solicited Order cannot both be for the accounts of Priority Customers. For purposes of this Rule, the term "SBBO" means the synthetic best bid or offer on the Exchange at the particular point in time applicable to the reference.

(a) *C-SAM Auction Eligibility Requirements.* The Initiating TPH may initiate a C-SAM Auction if all of the following conditions are met:

(1) *Class*. An Agency Order must be in any class of options the Exchange designates as eligible for C-SAM Auctions.

(2) *Marking.* The Initiating TPH must mark an Agency Order for C-SAM Auction processing.

(3) *Size*. The smallest leg of the Agency Order must be for at least the minimum size designated by the Exchange (which may not be less than 500 standard option contracts or 5,000 mini-option contracts). The Solicited Order must be for (or must total, if the Solicited Order is comprised of multiple solicited orders) the same size as the Agency Order. The System handles each of the Agency Order and Solicited Order as an AON order.

(4) *Minimum Increment.* The price of the Agency Order and Solicited Order must be in an increment the Exchange determines on a class basis, which may be no smaller than $0.01.

(5) *Post Only Orders.* The Initiating TPH may not designate an Agency Order or Solicited Order as Post Only.

(6) *Time*. The Initiating TPH may only submit an Agency Order to a C-SAM Auction after the COB opens.

The System rejects or cancels both an Agency Order and Solicited Order submitted to a C-SAM Auction that do not meet the conditions in this paragraph (a).

(b) *Stop Price.* The Solicited Order must stop the entire Agency Order at a price that satisfies the following:

(1) *Same-Side Simple Orders.* If the Agency Order is to buy (sell) and:

(A) the applicable side of the BBO on any component of the complex strategy represents a Priority Customer order on the Simple Book, the stop price must be at least one minimum increment better than the SBB (SBO); or

(B) the applicable side of the BBO on each component of the complex strategy represents a non-Priority Customer order or quote on the Simple Book, the stop price must be at or better than the SBB (SBO).

(2) *Same-Side Complex Orders.* If the Agency Order is to buy (sell) and a buy (sell) complex order rests on the COB, the stop price must be at least one minimum increment better than the bid (offer) of the resting complex order, unless the Agency Order is a Priority Customer order and the resting order is a non-Priority Customer order, in which case the stop price must be at or better than the bid (offer) of the resting complex order.

(3) *Opposite-Side Simple Orders.* If the Agency Order is to buy (sell) and:

(A) the BBO of any component of the complex strategy represents a Priority Customer order on the Simple Book, the stop price must be at least one minimum increment better than the SBO (SBB); or

(B) the BBO of each component of the complex strategy represents a non-Priority Customer quote or order on the Simple Book, the stop price must be at or better than the SBO (SBB).

(4) *Opposite-Side Complex Orders.* If the Agency Order is to buy (sell) and the best-priced sell (buy) complex order on the COB represents:

(A) a Priority Customer complex order, the stop price must be at least one minimum increment better than the price of the resting complex order; or

(B) a complex order that is not a Priority Customer, the stop price must be at or better than the price of the resting complex order.

The System rejects or cancels both an Agency Order and Solicited Order submitted to a C-SAM Auction that do not meet the conditions in this paragraph (b).

(c) *C-SAM Auction Process.* Upon receipt of an Agency Order that meets the conditions in paragraphs (a) and (b), the C-SAM Auction process commences.

(1) *Concurrent C-SAM Auctions in Same Complex Strategies.*

(A) One or more C-SAM Auctions in the same complex strategy may occur at the same time. C-SAM Auctions in different complex strategies may be ongoing at any given time, even if the complex strategies have overlapping components. A C-SAM Auction may be ongoing at the same time as a SAM Auction in any component of the complex strategy.

(B) To the extent there is more than one C-SAM Auction in a complex strategy underway at a time, the C-SAM Auctions conclude sequentially based on the exact time each C-SAM Auction commenced, unless terminated early pursuant to paragraph (d). In the event there are multiple C-SAM Auctions underway that are each terminated early pursuant to paragraph (d), the System processes the C-SAM Auctions sequentially based on the exact time each C-SAM Auction commenced. If the System receives a simple order that causes both a SAM Auction and C-SAM Auction (or multiple SAM and/or C-SAM Auctions) to conclude pursuant to Rule 5.39(d) and paragraph (d) below, respectively, the System first processes SAM Auctions (in price-time priority) and then processes C-SAM Auctions (in price-time priority).

(C) At the time each C-SAM Auction concludes, the System allocates the Agency Order pursuant to paragraph (e) and takes into account all C-SAM Auction responses and unrelated complex orders in place at the exact time of conclusion.

(2) *C-SAM Auction Notification Message*. The System initiates the C-SAM Auction process by sending a C-SAM Auction notification message detailing the side, size, price, Capacity,

Auction ID, and complex strategy of the Agency Order to all TPHs that elect to receive C-SAM Auction notification messages. C-SAM Auction notification messages are not included in OPRA.

(3) *C-SAM Auction Period*. The "C-SAM Auction period" is a period of time determined by the Exchange, which may be no less than 100 milliseconds and no more than one second.

(4) *Modification or Cancellation.* An Initiating TPH may not modify or cancel an Agency Order or Solicited Order after submission to a C-SAM Auction.

(5) *C-SAM Auction Responses*. Any User other than the Initiating TPH (the response cannot have the same EFID as the Agency Order) may submit responses to a C-SAM Auction that are properly marked specifying price, size, side, and the Auction ID for the C-SAM Auction to which the User is submitting the response. A C-SAM Auction response may only participate in the C-SAM Auction with the Auction ID specified in the response.

(A) The minimum price increment for C-SAM responses is the same as the one the Exchange determines for a class pursuant to subparagraph (a)(4) above. The System rejects a C-SAM response that is not in the applicable minimum increment.

(B) C-SAM buy (sell) responses are capped at the following prices that exist at the conclusion of the C-SAM Auction: (i) the better of the SBO (SBB) or the offer (bid) of a resting complex order at the top of the COB; or (ii) one minimum increment lower (higher) than the better of the SBO (SBB) or the offer (bid) of a resting complex order at the top of the COB if the BBO of any component of the complex strategy or the resting complex order, respectively, is a Priority Customer order. The System executes these C-SAM responses, if possible, at the most aggressive permissible price not outside the SBBO at the conclusion of the C-SAM Auction or price of the resting complex order.

(C) A User may submit multiple C-SAM responses at the same or multiple prices to a C-SAM Auction. The System aggregates all of a User's complex orders on the COB and C-SAM responses for the same EFID at the same price.

(D) The System caps the size of a C- SAM response, or the aggregate size of a User's complex orders on the COB and C- SAM responses for the same EFID at the same price, at the size of the Agency Order (*i.e.*, the System ignores size in excess of the size of the Agency Order when processing the C- SAM Auction).

(E) C-SAM responses must be on the opposite side of the market as the Agency Order. The System rejects a C-SAM response on the same side of the market as the Agency Order.

(F) C-SAM responses are not be visible to C-SAM Auction participants or disseminated to OPRA.

(G) A User may modify or cancel its C-SAM responses during the C-SAM Auction.

(d) *Conclusion of C-SAM Auction.*

(1) A C-SAM Auction concludes at the earliest to occur of the following times:

(a) the end of the C-SAM Auction period;

(b) upon receipt by the System of an unrelated non-Priority Customer complex order on the same side as the Agency Order that would post to the COB at a price better than the stop price;

(c) upon receipt by the System of an unrelated Priority Customer complex order on the same side as the Agency Order that would post to the COB at a price equal to or better than the stop price;

(d) upon receipt by the System of an unrelated non-Priority Customer order or quote that would post to the Simple Book and cause the SBBO on the same side as the Agency Order to be better than the stop price;

(e) upon receipt by the System of an unrelated Priority Customer order in any component of the complex strategy that would post to the Simple Book and cause the SBBO on the same side as the Agency Order to be equal to or better than the stop price;

(f) upon receipt by the System of a simple non-Priority Customer order that would cause the SBBO on the opposite side of the Agency Order to be better than the stop price, or a Priority Customer order that would cause the SBBO on the opposite side of the Agency Order to be equal to or better than the stop price;

(g) upon receipt by the System of an order that would cause the SBBO to be a price not permissible under the Limit Up-Limit Down Plan or Regulation SHO, provided, however, that in such instance, the C-SAM Auction concludes without execution;

(h) the market close; and

(i) any time the Exchange halts trading in the complex strategy or any component of the complex strategy, provided, however, that in such instance, the C-SAM Auction concludes without execution.

(2) An unrelated market or marketable limit complex order (against the SBBO or the best price of a complex order resting in the COB), including a Post Only complex order, on the opposite side of the market received during a C-SAM Auction does not cause the C-SAM Auction to end early and executes against interest outside the C-SAM Auction or posts the complex order to the COB. If contracts remain from the unrelated complex order at the time the C-SAM Auction ends, they may be allocated for execution against the Agency Order pursuant to paragraph (e) below.

(e) *Execution of Agency Order.* At the conclusion of the C-SAM Auction, the System executes the Agency Order against the Solicited Order or contra-side complex interest (which includes complex

orders on the COB and C-SAM responses) at the best price(s) as follows. Any execution price(s) must be at or between the SBBO and the best prices of any complex orders resting on the each side of the COB at the conclusion of the C-SAM Auction.

(1) *Execution Against Solicited Order.* The System executes the Agency Order against the Solicited Order at the stop price if there are no Priority Customer complex orders on the opposite side of the Agency Order resting in the COB at or better than the stop price and the aggregate size of contra-side interest at an improved price(s) is insufficient to satisfy the Agency Order.

(2) *Execution Against Contra-Side Interest.* The System executes the Agency Order against contra-side interest (and cancels the Solicited Order) if (A) there is a Priority Customer complex order on the opposite side of the Agency Order resting on the COB at or better than the stop price and the aggregate size of that order and other contra-side interest at the stop price or an improved price(s) is sufficient to satisfy the Agency Order or (B) the aggregate size of contra-side interest at an improved price(s) is sufficient to satisfy the Agency Order. The Agency Order executes against such contra-side interest at each price level to the price at which the balance of the Agency Order can be fully executed, in the following order:

(A) Priority Customer complex orders on the COB (in time priority); and

(B) remaining contra-side trading interest (including non-Priority Customer orders in the COB and SAM responses) in a pro-rata manner.

(3) *No Execution.* The System cancels the Agency Order and Solicited Order with no execution if:

(A) execution of the Agency Order against the Solicited Order would not be (i) at or between the SBBO at the conclusion of the SAM Auction; (ii) better than the SBBO if there is a Priority Customer order in any leg component in the Simple Book; (iii) at or better than the best-priced complex order resting on the COB; or (iv) better than the best-priced complex order resting on the COB if it is a Priority Customer complex order;

(B) there is a Priority Customer complex order resting on the COB on the opposite side of the Agency Order at or better than the stop price, and the aggregate size of the Priority Customer complex order and any other contra-side interest is insufficient to satisfy the Agency Order; or

(C) there is a non-Priority Customer complex order resting on the COB on the opposite side of the Agency Order at a price better than the stop price, and the aggregate size of the resting complex order and any other contra-side interest is insufficient to satisfy the Agency Order.

(4) *Complex Order Priority.* Executions following a C-SAM Auction for a complex Agency Order are subject to the complex order price restrictions and priority in Rule 5.33(f)(2).

(5) *Unexecuted Responses.* The System cancels or rejects any unexecuted C-SAM responses (or unexecuted portions) at the conclusion of the C-SAM Auction.

Interpretations and Policies

.01 Prior to entering Agency Orders into a C-SAM Auction on behalf of customers, Initiating TPHs must deliver to the customer a written notification informing the customer that his order may be executed using the C-SAM Auction. The written notification must disclose the terms and conditions contained in this Rule 5.40 and be in a form approved by the Exchange.

.02 Under Rule 5.40, Initiating TPHs may enter contra-side orders that are solicited. C-SAM provides a facility for TPHs that locate liquidity for their customer orders. TPHs may not use the C-SAM Auction to circumvent Rule 5.9 or 5.38 limiting principal transactions. This may include, but is not limited to, TPHs entering contra-side orders that are solicited from (a) affiliated broker-dealers or (b) broker-dealers with which the TPH has an arrangement that allows the TPHs to realize similar economic benefits from the solicited transaction as it would achieve by executing the customer order in whole or in part as principal.

[Effective October 7, 2019 (SR-CBOE-2019-064)]

Rule 5.41. S&P 500 Variance Trades

(a) *General.* The Exchange may allow for trading, via a single transaction, of an option portfolio replicating S&P 500 implied variance ("S&P 500 variance trades"). The Exchange will determine the days on which S&P 500 variance trades will be allowed. Matched S&P 500 variance trades will be deconstructed into individual constituent SPX option series trades that comprise the portfolio. The Exchange will make publicly available a detailed description of the formulas and methodology used to deconstruct S&P 500 variance trades into constituent SPX option series. For each day in which S&P 500 variance trades are allowed, the Exchange will publish, after the close of trading on the previous day, the options comprising the portfolio for the next day. The options comprising the portfolio are out-of-the-money SPX puts and calls centered around an at-the-money strike price; all constituent options have the same expiration date. Each portfolio will have a unique symbol. Market orders will not be allowed.

(b) *Pricing Convention and Order Information.* Market prices for S&P 500 variance trades will be expressed and quoted in volatility terms, and trade quantity will be expressed in contracts. Each contract will have a multiplier of $10,000 or greater, as determined and published by the Exchange. The multiplier cannot be changed intraday.

(c) *Order Execution.*

(1) S&P 500 variance trade orders will be ranked pursuant to one of the base allocation algorithms set forth in Rule 5.32, as determined by the Exchange.

(2) Once an S&P 500 variance trade match is received by the System, it will deconstruct the match into individual trades in constituent SPX option series. The process used to deconstruct S&P 500 variance trades into constituent SPX option legs involves two-steps.

(A) The first step assigns the number of contracts traded for each SPX option series. The number of SPX contracts is a function of the S&P 500 variance trade price and trade quantity, as well as time to expiration, interest rates and the strike prices of constituent SPX option legs.

(B) The second step assigns trade prices for each SPX option in the S&P 500 variance trade. The System first constructs a baseline implied volatility for each constituent SPX option based on mid-quote prices prevailing at the time of the S&P 500 variance trade execution.

(3) All of the implied volatilities of the constituent SPX options are then increased or decreased by an equal amount such that when the resulting theoretical option prices are fed back into the VIX formula, the formula value matches the S&P 500 variance trade price.

(4) Once trade prices are determined for each constituent series, the System executes and reports the trades. The execution prices are unrelated to the existing market for the applicable series, therefore constituent trades are executed and reported without regard for existing bids and offers on the Exchange.

[Effective October 7, 2019 (SR-CBOE-2019-060)]

SECTION D. MARKET-MAKER OBLIGATIONS

Rule 5.50. Market-Maker Appointments

(a) A registered Market-Maker may select class appointments to make markets in those classes during all trading sessions.

(b) A Market-Maker may enter an appointment request via an Exchange-approved electronic interface with the Exchange's systems by 2:30 a.m. for All Sessions, which appointment becomes effective on the open of the Global Trading Hours trading session, or by 9:00 a.m. for RTH Only classes, which appointment becomes effective on the open of the Regular Trading Hours session.

(c) The Exchange may limit the number of appointments a Market-Maker may have, or the number of Market-Makers that may have appointments in a class, pursuant to Rule 3.52(c).

(d) In the event a Market-Maker is a nominee or Responsible Person of a TPH organization, the TPH organization with which the Market-Maker is associated can request that the Exchange deem all class appointments be made to the TPH organization instead of to the individual Market-Maker. If such a request is made, the individual Market-Maker will continue to have all of the obligations of a Market-Maker under Exchange rules, except that the submission of electronic quotations and orders will be made by and on behalf of the TPH organization with which the individual Market-Maker is associated.

(e) During Regular Trading Hours, a Market-Maker has an appointment to trade open outcry in all classes traded on the Exchange. A TPH organization that is registered as a Market-Maker may only trade in open outcry through one of its nominees. A Market-Maker must be physically present in the trading crowd to trade in open outcry.

(f) A Market-Maker may submit electronic quotes from off of the Exchange's trading floor in the Market-Maker's appointed classes. While on the trading floor, a Market-Maker is not required to be present in the trading station where a class is located in order to submit electronic quotes in the class.

(g) *Appointment Weights*. A Market-Maker may select for each of its Trading Permits any combination of class appointments. All classes are placed within a specific tier according to trading volume statistics (except for the AA tier) and assigned an "appointment weight" depending upon its tier location as follows:

Appointment Unit Tier	Option Classes	Appointment Weight
AA	Options on the Cboe Volatility Index (VIX)	.500**
	Options on the Standard & Poor's 500 Index (SPX)	1.00**
	Options on the iShares Russell 2000 Index Fund (IWM)	.500
	Options on the S&P 100 (OEX)	.400
	Options on Standard & Poor's Depositary Receipts (SPY)	.500
	Options on the Russell 2000 Index (RUT)	.500
	Options on the S&P 100 (XEO)	.100
	Options on the iPath S&P 500 VIX Short-Term Futures Index ETN (VXX)	.100
	Options on the S&P Energy Select Sector Index (SIXE)	.001
	Options on the S&P Technology Select Sector Index (SIXT)	.001
	Options on the S&P Health Care Select Sector Index (SIXV)	.001
	Options on the S&P Utilities Select Sector Index (SIXU)	.001
	Options on the S&P Consumer Staples Select Sector Index (SIXR)	.001
	Options on the S&P Industrials Select Sector Index (SIXI)	.001

	Options on the S&P Consumer Discretionary Select Sector Index (SIXY)	.001
	Options on the S&P Materials Select Sector Index (SIXB)	.001
	Options on the S&P Real Estate Select Sector Index (SIXRE)	.001
	Options on the S&P Communication Services Select Sector Index (SIXC)	.001
	Options on the S&P 500 ESG Index (SPESG)	.001
A*	Classes 1 - 60	.100
B*	Classes 61 - 120	.060
C*	Classes 121 - 345	.040
D*	Classes 346 - 570	.025
E*	Classes 571 - 999	.015
F*	All Remaining Classes	.001
* Excludes Tier AA.		
** If the Exchange determines to list SPX or VIX on a group basis pursuant to Rule 4.13, the SPX or VIX appointment weight, as applicable, confers the right to trade in all SPX or VIX groups.		

(1) *Tier Rebalance.* The Exchange rebalances the tiers (excluding the "AA" tier above) set forth above once each calendar quarter, which may result in additions or deletions to their composition, and announces such rebalances pursuant to Rule 1.5 at least 10 business days before the rebalance takes effect. When a class changes tiers, it is assigned the appointment cost of that tier.

(2) *Tier Appointments*. The Exchange may establish one or more types of "tier appointments." A "tier appointment" means an appointment to trade one or more options classes that must be held by a Market-Maker to be eligible to trade the options class or options classes subject to that appointment.

(A) A Market-Maker that seeks to trade an options class or options classes subject to a tier appointment must submit an application for that tier appointment in accordance with Rule 3.1. Issuance, termination, change, renewal, and transfer of tier appointments will be in accordance with Rule 3.1. The Exchange has the

authority with respect to any type of tier appointment it has determined to establish to limit or reduce the number of that type of tier appointment, to increase the number of that type of tier appointment, and to establish objective standards to be issued, or to have renewed, that type of tier appointment in accordance with Rule 3.1.

(B) Tier appointments are subject to such fees and charges the Exchange establishes from time to time pursuant to Rule 2.1 and the Exchange Fees Schedule.

(h) *DPM and Trading Crowd Appointments*. The Exchange will determine for each options class traded on the Exchange (1) whether the class should be appointed to a trading crowd or to a DPM and (2) which trading crowd or DPM should be appointed the class. The Exchange will also determine the location on the Exchange's trading floor of each trading crowd, each DPM, and each class traded on the Exchange. The Exchange will limit or restrict the appointment or reappointment of classes in accordance with other Rules, as applicable.

(1) The Exchange may consider any information which the Exchange believes will be of assistance to it in making determinations pursuant to paragraph (g) above. Factors to be considered in making such determinations may include, but are not limited to, any one or more of the following: performance, volume, capacity, market performance commitments, operational factors, efficiency, competitiveness, environment in which the security will be traded, expressed preferences of issuers, and recommendations of Exchange committees.

(2) The appointment of a class to a trading crowd or DPM and the location of a trading crowd or DPM on the Exchange's trading floor does not convey ownership rights in such appointment or location or in the order flow associated with such appointment or location.

(i) *DPM and Trading Crowd Appointment Removal, Reappointment, and Relocation*. During the first 12 months following the appointment of a class to a trading crowd or DPM, the Exchange may remove the appointment, and may reappoint the class pursuant to paragraph (g) above, if the trading crowd or DPM fails to adhere to any market performance commitments made by the trading crowd or DPM in connection with receiving the appointment. Any determination made pursuant to paragraph (g) above may also be changed by the Exchange at any time if the Exchange concludes that a change is in the best interest of the Exchange based on operational factors or efficiency.

(1) Prior to taking any action pursuant to this paragraph (h), except when expeditious action is required, the Exchange, will notify the trading crowd or DPM involved of the reasons the Exchange considers taking such action and the kind of action that is under consideration, and shall either convene one or more informal meetings with the trading crowd or DPM to discuss the matter, or shall provide the trading crowd or DPM with the opportunity to submit a written statement to the Exchange. Ordinarily, neither counsel for the Exchange nor counsel for the trading crowd or DPM shall be invited to any such informal meetings, and no verbatim record of the meetings shall be kept.

(2) Subject to Rule 3.53(f), the Exchange will reappoint a class pursuant to paragraph (g) above in the event that the class is removed pursuant to another Exchange Rule from the

trading crowd or DPM to which the class has been appointed or in the event that for some other reason the trading crowd or DPM to which the class has been appointed no longer retains such appointment.

(3) The Exchange will relocate a trading crowd or DPM pursuant to paragraph (g) above in the event that the trading crowd or DPM is required to be relocated pursuant to another Exchange Rule.

(4) In the event an existing DPM is authorized to act as an Off-Floor DPM in one or more option classes, this will be considered a reappointment of classes pursuant to the paragraph (h).

(5) The Exchange determines whether or not to relocate all of the classes traded at a trading station operated by a DPM organization to another trading station operated by the same DPM, pursuant to a request from a DPM organization or on the Exchange's own initiative. When making such a determination,, the Exchange evaluates whether the change is in the best interests of the Exchange, and the Exchange may consider any information that it believes will be of assistance to it. Factors to be considered may include, but are not limited to, any one or more of the following: performance, operational capacity of the Exchange or the DPM, efficiency, number and experience of personnel of the DPM who will be performing functions related to the trading of the applicable classes, number of classes involved in the relocation, number of Market-Makers affected by the relocation of the classes, and trading volume of the classes.

(j) *Temporary DPM and Trading Crowd Appointments and Reappointments.* The Exchange may make temporary appointments of classes either to a DPM or a non-DPM trading crowd by explicitly indicating to such DPM or non-DPM trading crowd at the time of appointment that the appointment is temporary. The Exchange at any time during the first 12 months following the granting of the temporary appointment may determine it is in the best interest of the Exchange to reappoint the class such that: (1) a class initially appointed to a DPM is reappointed to a non-DPM trading crowd; or (2) a security initially allocated to a non- DPM trading crowd is reappointed to a DPM.

(k) *Conditions on DPM Appointments*. The Exchange may establish (1) restrictions applicable to all DPMs on the concentration of classes that may be appointed to a single DPM and to affiliated DPMs and (2) minimum eligibility standards applicable to all DPMs which must be satisfied in order for a DPM to receive class appointments, including but not limited to standards relating to adequacy of capital and number of personnel. The Exchange has the authority under other Exchange rules to restrict the ability of particular DPMs to receive class appointments, including but not limited to, Rules 5.54 and Rule 5.53.

(l) *DPM and LMM Appointments.* The Exchange may designate a class for trading without a DPM or LMM. If the Exchange determines to list SPX or VIX on a group basis pursuant to Rule 4.13. In addition:

(1) The Exchange may assign a DPM or LMM to the group of series or may designate the group of series for trading without a DPM or LMM.

(2) Market-Maker appointments apply on a class basis, except DPM and LMM appointments apply only to the group of series to which the respective DPM or LMM is appointed, if applicable.

[Effective October 7, 2019 (SR-CBOE-2019-059), (SR-CBOE-2019-070), (SR-CBOE-2019-098); amended December 19, 2019 (SR-CBOE-2019-118); amended September 21, 2020 (SR-CBOE-2020-080)]

Rule 5.51. Market-Maker Obligations

(a) In registering as a Market-Maker, a Trading Permit Holder commits itself to various obligations. Transactions of a Market-Maker in its market-making capacity must constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and Market-Makers should not make bids or offers or enter into transactions that are inconsistent with such course of dealings. Ordinarily, a Market-Maker must:

(1) during the trading day, maintain a continuous two-sided market in each of its appointed classes, pursuant to Rule 5.52(d);

(2) engage, to a reasonable degree under the existing circumstances, in dealings for its own accounts when there exists, or it is reasonably anticipated that there will exist, a lack of price continuity, a temporary disparity between the supply of (or demand for) a particular option contract, or a temporary distortion of the price relationships between option contracts of the same class;

(3) compete with other Market-Makers in its appointed classes;

(4) update quotations in response to changed market conditions in its appointed classes;

(5) maintain active markets in its appointed classes; and

(6) make markets that will be honored for the number of contracts entered into the System in its appointed classes.

(b) Market-Makers should only effect purchases or sales on the Exchange in a reasonable and orderly manner.

(c) With respect to trading in appointed classes:

(1) Market-Makers who are physically present in a trading station may enter quotes and orders in their appointed classes by public outcry in response to a request for a quote or through an Exchange-approved electronic interface via an Exchange-approved quote generation device.

(2) Market-Makers may also enter quotes and orders in their appointed classes through an Exchange-approved electronic interface via an Exchange-approved quote generation device.

(3) Market-Makers may also submit orders for automatic execution in accordance with the requirements of Rule 5.32.

(d) With respect to trading in non-appointed classes, Market-Makers may submit orders for automatic execution in accordance with the requirements of Rules 5.32 and 8.26.

(e) If the Exchange finds any substantial or continued failure by a Market-Maker to engage in a course of dealings as specified in paragraph (a) of this Rule, the Market-Maker will be subject to disciplinary action or suspension or revocation of its registration as a Market-Maker or its appointment in one or more of its appointed classes. Nothing in this Rule will limit any other power of the Exchange under the Rules, or procedures of the Exchange with respect to the registration or appointment of a Market-Maker or in respect of any violation by a Market-Maker of the provisions of this Rule.

(f) The obligations and duties of Market-Makers set forth in this Rule 5.51 apply to an in-crowd Market-Maker only when the in-crowd Market-Maker is present in the trading crowd and to a Market-Maker electronically quoting only when the Market-Maker is logged on to the System. Market-Makers remain subject to Rule 5.52(e) while on the floor of the Exchange.

[Effective October 7, 2019 (SR-CBOE-2019-059)]

Rule 5.52. Market-Maker Quotes

(a) *Firm Quotes*. Market-Maker bids and offers are firm for all orders under this Rule and Rule 602 of Regulation NMS under the Exchange Act ("Rule 602") for the number of contracts specified in the bid or offer, except if:

(1) a system malfunction or other circumstance impairs the Exchange's ability to disseminate or update market bids and offers in a timely and accurate manner;

(2) the level of trading activities or the existence of unusual market conditions is such that the Exchange is incapable of collecting, processing, and making available to quotation vendors the data for the option in a manner that accurately reflects the current state of the market on the Exchange;

(3) prior to the conclusion of the Opening Auction Process; or

(4) any of the circumstances provided in Rule 602(c)(4) exist.

Market-Makers may display indicative spread prices on the websites of TPH organizations through a system licensed from a third party, developed by the Exchange, or otherwise. Such indicative prices are not regarded as firm quotes, and a Market-Maker is not obligated to execute at the indicative prices spread orders that are entered into the market.

(b) *Size*. A Market-Maker's bid (offer) for a series must be accompanied by the minimum number of contracts determined by the Exchange on a class-by-class basis, the minimum of which will be one contract at the price of the bid (offer) the Market-Maker is willing to buy (sell). For SPX, the Exchange may also determine minimum an initial quote size on a premium basis and an expiration

basis for series with expirations (1) no more than one week, (2) between one week and three months, (3) between three months and six months, (4) between six months and 15 months, and (5) 15 months or more. The obligation of Market- Makers to make competitive markets under Rule 5.51 does not preclude Trading Permit Holders in a trading crowd from discussing a request for a market that is greater than the disseminated size for that option class, for the purpose of making a single bid (offer) based upon the aggregate of individual bids (offers) by Trading Permit Holders in the trading crowd, but only when the Trading Permit Holder representing the order asks for a single bid (offer). Whenever a single bid (offer) pursuant to this paragraph is made, such bid (offer) is a firm quote, and each ICMP participating in the bid (offer) must fulfill his portion of the single bid (offer) at the single price.

(c) *Two-Sided Quotes*. A Market-Maker that enters a bid (offer) on the Exchange in a series in an appointed class must enter an offer (bid).

(d) *Continuous Electronic Quotes*. A Market-Maker must enter continuous electronic bids and offers (in accordance with the requirements in Rules 5.51 and 5.52).

(1) If a Market-Maker never trades more than 20% of the Market-Maker's contract volume electronically in an appointed class during any calendar quarter, a Market-Maker will not be obligated to quote electronically in any designated percentage of series within that class pursuant to subparagraph (d)(2). The Exchange will monitor a Market-Maker's trading activity in each appointed class every calendar quarter to determine whether it exceeds the threshold established in this subparagraph (d)(1). If a Market-Maker exceeds the threshold established below, the obligations contained in (d)(2) will be effective the next calendar quarter. For a period of 90 days commencing immediately after a class begins trading on the System, this subparagraph (d)(1) governs trading in that class.

(2) If a Market-Maker trades more than 20% of the Market-Maker's contract volume electronically in an appointed class during any calendar quarter, commencing the next calendar quarter, a Market-Maker must provide continuous electronic quotes by submitting continuous bids and offers (in accordance with the requirements in Rules 5.51 and 5.52) for 90% of the time the Market-Maker is required to provide electronic quotes in an appointed option class on a given trading day. A Market-Maker must provide continuous quotes in 60% of the series of the Market-Maker's appointed classes, excluding any adjusted series, any intra-day add-on series on the day during which such series are added for trading, any Quarterly Option series, and any series with an expiration of greater than 270 days.

(A) If a technical failure or limitation of the System prevents a Market-Maker from maintaining, or from communicating to the Exchange, timely and accurate quotes in a series, the Exchange does not consider the duration of such failure when determining whether that Market-Maker has satisfied its 90% continuous quoting obligation with respect to that options class. The Exchange may consider other exceptions to the 90% continuous electronic quote obligation based on demonstrated legal or regulatory requirements or other mitigating circumstances

(B) Compliance with this quoting obligation applies to all of a Market-Maker's appointed classes collectively. The Exchange will determine compliance by a Market-Maker with this quoting obligation on a monthly basis. However, determining compliance with this quoting obligation on a monthly basis does not relieve a Market-Maker from meeting this obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against a Market-Maker for failing to meet this obligation each trading day.

(C) The Exchange may consider other exceptions to this obligation based on demonstrated legal or regulatory requirements or other mitigating circumstances.

(D) The obligations set forth in this paragraph (d)(2) will be (i) suspended during a trading halt, suspension, or pause in the underlying security, and will not recommence until after the first regular way transaction on the primary listing market in the underlying security following such halt, suspension, or pause in the underlying security, as reported by the responsible single plan processor, and (ii) suspended for the duration that an underlying NMS stock is in a limit up-limit down state.

(E) The obligations set forth in this paragraph (d) apply to a Market-Maker across trading sessions (e.g., if a Market-Maker has an appointment in a class that is open for trading during Regular Trading Hours and Global Trading Hours, the Exchange will determine a Market-Maker's compliance with the continuous electronic quoting requirement during the trading day). The obligations apply only when the Market-Maker is quoting in a particular class during a given trading day. The obligations are not applicable to an appointed class if a Market-Maker is not quoting in that appointed class.

(F) If the Exchange lists SPX or VIX on a group basis pursuant to Rule 4.13 obligations of an SPX or VIX Market-Maker apply on a class basis, except if the Exchange determines to apply obligations on a group basis.

(G) A Market-Maker's continuous quoting obligations in this subparagraph (d)(2) apply collectively to Market-Makers associated with the same Trading Permit Holder firm.

(e) *Open Outcry Quotes*. In response to a request for quote by a Trading Permit Holder or PAR Official directed at an in-crowd Market-Maker or in response to a general request for a quote by a Trading Permit Holder of PAR Official when a market is not then being vocalized by a reasonable number of Market-Makers, a Market-Maker that is in the trading crowd but that is not quoting electronically or in open outcry in an appointed class must provide a two-sided quote complying with the size requirements pursuant to paragraph (b) above. This obligation applies only when the Market-Maker is quoting in a particular class during a given trading day. This obligation does not apply to an appointed class if a Market-Maker is not quoting in that appointed class.

(1) The Exchange can vary the minimum number of contracts pursuant to paragraph (b) above provided in response to a request by a Trading Permit Holder or PAR Official for

non-broker- dealer orders and broker-dealer orders. Unless an options class is exempted by the Exchange, under normal market conditions an in-crowd Market-Maker's bid or offer for a series of options of unspecified size is for five contracts.

(2) The Exchange will determine the bid/ask differential requirements on a class by class basis for a Market-Maker's Open Outcry quotes. By making a verbal bid, a Market-Maker is also making an offer at the spread allowable in accordance with the bid/ask differential requirements determined by the Exchange on a class by class basis. By making a verbal offer, a Market-Maker is also making a bid at the spread allowed in accordance with the bid/ask differential requirements determined by the Exchange on a class by class basis.

(f) *Quote Designation*. A designated Exchange Official may call on a Market-Maker to submit a single quote or maintain continuous quotes in one or more series of a Market-Maker's appointed class whenever, in the judgment of the Exchange, it is necessary to do so in the interest of maintaining a fair and orderly market.

(g) *Non-Appointed Classes*. A Market-Maker is considered an OEF under the Rules in all classes in which the Market-Maker has no appointment. The total number of contracts a Market-Maker may execute in classes in which it has no appointment may not exceed 25% of the total number of all contracts the Market-Maker executes on the Exchange in any calendar quarter.

(1) Trading in non-appointed classes of options at the request of a Floor Official or DPM is deemed to be trading in appointed classes.

(2) With respect to classes of option contracts in which a Market-Maker has no appointment, a Market-Maker should not engage in transactions for an account in which the Market-Maker has an interest which are disproportionate in relation to, or in derogation of, the performance of his obligations as specified in Rule 5.51 and this Rule 5.52 with respect to those classes of option contracts to which the Market-Maker does hold Appointments.

[Effective October 7, 2019 (SR-CBOE-2019-059); amended December 19, 2019 (SR-CBOE-2019-118)]

Rule 5.53. Good Standing for Market-Makers

(a) To remain in good standing as a Market-Maker, the Market-Maker must:

(1) continue to meet the requirements established in Exchange Act Rule 15c3- 1(a)(6)(i), the general requirements for Trading Permit Holders set forth in Chapter 3 of the Rules, and the Market-Maker requirements set forth in Chapter 5 of the Rules.

(2) comply with the Rules as well as the Rules of the Clearing Corporation and the Federal Reserve Board; and

(3) pay on a timely basis such participation, transaction, and other fees as the Exchange prescribes.

(b) The Exchange may suspend or terminate a Trading Permit Holder's registration as a Market-Maker or a Market-Maker's appointment to a class, or otherwise withdraw the good standing of a Market-Maker as provided in the Rules, if the Market-Maker ceases to maintain any of these conditions for approval or violates any of its agreements with the Exchange or any of the provisions of the Rules.

[Effective October 7, 2019 (SR-CBOE-2019-059)]

Rule 5.54 DPMs

(a) *RTH Obligations*. Each DPM must fulfill all of the obligations of a Market-Maker under the Rules, and must satisfy each of the following requirements in the classes appointed to the DPM. To the extent that there is any inconsistency between the specific obligations of a DPM set forth in this paragraph (a) and the general obligations of a Market-Maker under the Rules, this paragraph (a) governs. Each DPM must comply with the following:

(1) during Regular Trading Hours, provide continuous electronic quotes by submitting continuous bids and offers (in accordance with the requirements in Rules 5.51 and 5.52) in at least the lesser of 99% of the non-adjusted option series or 100% of the non-adjusted option series minus one call-put pair, with the term "call-put pair" referring to one call and one put that cover the same underlying instrument and have the same expiration date and exercise price, in a DPM's appointed classes. A DPM must assure that its disseminated market quotations are accurate.

(A) This obligation does not apply to any adjusted series or intra-day add-on series on the day during which such series are added for trading. A DPM may still receive a participation entitlement in such series if it elects to quote in such series and otherwise satisfies the requirements set forth in subparagraph (f) below.

(B) Compliance with this quoting obligation applies to all of a DPM's appointed classes collectively. The Exchange will determine compliance by a DPM with this quoting obligation on a monthly basis. However, determining compliance with this obligation on a monthly basis does not relieve a DPM from meeting this obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against DPM for failing to meet this obligation each trading day.

(C) DPM continuous electronic quoting obligations may be satisfied by DPM either individually or collectively with DPM Market-Makers of the same TPH organization.

(D) When the underlying security for a class is in a limit up-limit down state, as defined in Rule 5.21, DPMs have no quoting obligations in the class. A DPM may receive a participation entitlement in series of such a class when the underlying security has entered a limit up limit down state if it elects to quote in such series and otherwise satisfies the requirements set forth in subparagraph (f) below.

(E) If the Exchange determines to list SPX or VIX on a group basis pursuant to Rule 4.13, obligations of a DPM with an SPX or VIX appointment, as applicable,

apply on a class basis, except if the Exchange determines to apply obligations on a group basis.

(2) to the extent the DPM operates on the trading floor, assure that the number of DPM Designees and support personnel continuously present at the trading station throughout every business day is not less than the minimum required by the Exchange. An Off-Floor DPM similarly must assure that the number of DPM Designees and support personnel continuously overseeing the DPM's activities is not less than the minimum required by the Exchange. Additionally, an Off-Floor DPM must provide members with telephone access to a DPM Designee at all times during market hours for purposes of resolving problems involving trading on the Exchange.

(3) trade in all classes appointed to the DPM only in the capacity of a DPM and not in any other capacity.

(4) not initiate a transaction for the DPM's own account that would result in putting into effect any stop or stop limit order which may be in the book or which the DPM represents as Floor Broker except with the approval of a Floor Official and when the DPM guarantees that the stop or stop limit order will be executed at the same price as the electing transaction. The restrictions set forth in this paragraph do not apply to stop or stop limit orders received through the System unless the terms of such orders are visible to the DPM, or unless such orders are handled by the DPM.

(5) determine a formula for generating automatically updated market quotations.

(6) enter opening quotes for the Regular Trading session within one minute of the initiation of an opening rotation in any series that is not open due to the lack of a quote pursuant to Rule 5.31. In option classes in which both an On-Floor LMM and an Off-Floor DPM or Off-Floor LMM have been appointed, the obligation set forth in this paragraph (a)(6) will be that of the Off-Floor DPM or Off-Floor LMM and not on the On-Floor LMM.

(b) *Agency Transactions*. A DPM may not execute orders as an agent or Floor Broker in its appointed classes.

(c) *Other Obligations*. In addition to the obligations described in paragraphs (a) and (b) of this Rule, a DPM must:

(1) resolve disputes relating to transactions in the classes appointed to the DPM, subject to Floor Official review, upon the request of any party to the dispute;

(2) make competitive markets on the Exchange and otherwise promote the Exchange in a manner that is likely to enhance the ability of the Exchange to compete successfully for order flow in the classes it trades. Willingness to promote the Exchange as a marketplace includes assisting in meeting and educating market participants (and taking the time for travel related thereto), maintaining communications with Trading Permit Holders in order to be responsive to suggestions and complaints, responding to suggestions and complaints, and other like activities;

(3) promptly inform the Exchange of any desired change in the DPM Designees who represent the DPM in its capacity as a DPM and of any material change in the financial or operational condition of the DPM;

(4) supervise all persons associated with the DPM to assure compliance with the Rules;

(5) continue to act as a DPM and to fulfill all of the DPM's obligations as a DPM until the Exchange relieves the DPM of its approval and obligations to act as a DPM or the Exchange terminates the DPM's approval to act as a DPM pursuant to Rule 3.53.

(d) *Obligations of DPM Associated Persons*. Each person associated with a DPM must comply with the provisions of subparagraph (a), (b), and (c) of this Rule when acting on behalf of the DPM.

[Effective October 7, 2019 (SR-CBOE-2019-059); amended December 19, 2019 (SR-CBOE-2019-118)]

Rule 5.55. LMMs

(a) *RTH Obligations.* Each LMM must fulfill all the obligations of a Market-Maker under the Rules and must:

(1) during Regular Trading Hours, provide continuous electronic quotes by submitting continuous bids and offers (in accordance with the requirements in Rules 5.51 and 5.52) in at least the lesser of 99% of the non-adjusted option series or 100% of the non-adjusted option series minus one call-put pair, with the term "call-put pair" referring to one call and one put that cover the same underlying instrument and have the same expiration date and exercise price, in a LMM's appointed classes.

(A) This obligation does not apply to any adjusted series or intra-day add-on series on the day during which such series are added for trading. An LMM may receive a participation entitlement in intra-day add-on series on the day during which such series are added for trading if it elects to quote in such series.

(B) LMM continuous electronic quoting obligations may be satisfied by LMMs either individually or collectively with LMMs of the same TPH organization.

(2) enter opening quotes for the Regular Trading Hours trading session within one minute of the initiation of an opening rotation in any series that is not open due to the lack of a quote pursuant to Rule 5.31.

(A) In an option class in which the Exchange has appointed both an On-Floor LMM and an Off-Floor DPM or Off-Floor LMM, the obligation set forth in this subparagraph (a)(2) will be that of the Off-Floor DPM or Off-Floor LMM and not the On-Floor LMM.

(B) In an option class in which the Exchange has appointed an On-Floor LMM that has open outcry obligations only, that On-Floor LMM will not be obligated to comply with this subparagraph (a)(2).

(3) make competitive markets on the Exchange and otherwise promote the Exchange in a manner that is likely to enhance the ability of the Exchange to compete successfully for order flow in the classes it trades.

(4) continue to act as an LMM and fulfill the obligations of an LMM until the end of its term or until the Exchange relieves the LMM of its approval to act as an LMM or of its appointment and obligations to act as an LMM in a particular class.

(5) immediately notify the Exchange of any material operational or financial changes to the LMM organization as well as obtain the Exchange's approval prior to effecting changes to the ownership, capital structure, voting authority, distribution of profits/losses, or control of the LMM organization.

(b) *Global Trading Hours*. If an LMM is approved to act as an LMM during Global Trading Hours pursuant to Rule 3.55, then the LMM must comply with the continuous quoting obligation and other obligations of Market-Makers set forth in Rule 5.52(d)(2) but does not have to comply with the obligations under paragraph (a) above. LMMs do not receive a participation entitlement during Global Trading Hours.

(c) *Limit Up-Limit Down*. When the underlying security for a class is in a limit up-limit down state, as defined in Rule 5.21, LMMs have no quoting obligations in the class. However, an LMM may still receive a participation entitlement in series of such a class when the underlying security is in a limit up- limit down state if it elects to quote in such series.

(d) *Group Listing*. If the Exchange determines to list SPX or VIX on a group basis pursuant to Rule 4.13, obligations of an SPX or VIX Market-Maker designated as a LMM, as set forth in Rule 3.55, apply on a class basis, unless the Exchange determines to apply obligations on a group basis.

(e) *Compliance*. Compliance with this quoting obligation applies to all of an LMM's appointed classes collectively. The Exchange will determine compliance by an LMM with this quoting obligation on a monthly basis. However, determining compliance with this obligation on a monthly basis does not relieve an LMM from meeting this obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against an LMM for failing to meet this obligation each trading day.

(1) In an option class in which both an On-Floor LMM and an Off-Floor DPM or Off-Floor LMM have been appointed, the On-Floor LMM will not be obligated to comply with this Rule 5.55 and instead will be obligated to comply with the obligations of Market-Makers in Rule 5.52.

(2) In an option class in which the Exchange appointed an On-Floor LMM that has open-outcry obligations only, that On-Floor LMM will not be obligated to comply with this Rule 5.55 and instead will be obligated to comply with the obligations of Market-Makers in Rule 5.52 and have a designee in the class's crowd on the trading floor for the entire trading day (except for a de minimis amount of time).

[Effective October 7, 2019 (SR-CBOE-2019-059); amended December 19, 2019 (SR-CBOE-2019-118)]

Rule 5.56. PMMs

(a) *RTH Obligations*. The PMM must comply with the quoting obligations applicable to its Market-Maker type (e.g. LMM and DPM) under the Rules and, during Regular Trading Hours, must provide continuous electronic quotes by submitting continuous bids and offers (in accordance with the requirements in Rules 5.51 and 5.52) in at least the lesser of 99% of the non-adjusted option series that have a time to expiration of 270 days or less or 100% of the non- adjusted option series that have a time to expiration of 270 days or less minus one call- put pair, with the term "call-put pair" referring to one call and one put that cover the same underlying instrument and have the same expiration date and exercise price, in a PMM's classes for which it receives a participation entitlement.

(1) This obligation does not apply to any adjusted series or intra-day add-on series on the day during which such series are added for trading. However, a PMM may still receive a participation entitlement in such series if it elects to quote in such series and otherwise satisfies the requirements set forth in Rule 3.56.

(2) PMM continuous electronic quoting obligations may be satisfied by PMMs either individually or collectively with PMMs of the same TPH organization.

(b) *Limit Up-Limit Down*. When the underlying security for a class is in a limit up-limit down state, as defined in Rule 5.21. PMMs have no quoting obligations in the class. However, a PMM may still receive a participation entitlement in series of such a class when the underlying security is in a limit up-limit down state if it elects to quote in such series and otherwise satisfies the requirements set forth in paragraph Rule 3.56.

(c) *Group Listing*. If the Exchange determines to list SPX or VIX on a group basis pursuant to Rule 4.13, obligations of an SPX or VIX Market-Maker designated as a PMM, as set forth in Rule 3.56, apply on a class basis, unless the Exchange determines to apply obligations on a group basis.

(d) *Compliance*. Compliance with the quoting obligation in subparagraph (a) applies to all of a PMM's classes for which it receives PMM orders collectively. The Exchange will determine compliance by a PMM with this quoting obligation on a monthly basis. However, determining compliance with this obligation on a monthly basis does not relieve a PMM from meeting this quoting obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against a PMM for failing to meet this obligation each trading day.

[Effective October 7, 2019 (SR-CBOE-2019-059); amended December 19, 2019 (SR-CBOE-2019-118)]

Rule 5.57. FLEX Market-Makers

Each FLEX Market-Maker must fulfill all the obligations of a Market-Maker under the Rules and must comply, as applicable, with the following:

(a) A FLEX Market-Maker may, but is not obligated to, respond to a FLEX electronic or open outcry auction in a class in which the FLEX Market-Maker is appointed.

(b) A FLEX Official may call upon FLEX Market-Makers appointed in a class of FLEX Options to respond to a specific FLEX Auction in that class of FLEX Options whenever in the opinion of the FLEX Official the interests of a fair, orderly, and competitive market are best served by such action, and will make such a call upon FLEX Market-Makers whenever no responses to a specific FLEX Auction are submitted.

(c) FLEX Market-Makers do need not provide continuous quotes in FLEX Options.

[Effective October 7, 2019 (SR-CBOE-2019-059)]

Rule 5.58. Stopping of Option Orders

(a) *General*. Stopping an option order at a specified price represents a guarantee by a Market-Maker or DPM who "grants the stop" that the order of the Floor Broker who "accepts the stop" will be executed at the stop price or better. No Market-Maker or DPM is required to agree to grant, and no Floor Broker is required to accept, a stop.

(b) *Conditions*. A Market-Maker or DPM may grant a stop and a Floor Broker may accept a stop subject to all of the following conditions:

(1) When stopping a straight order or only the option portion of a buy-write, the Market-Maker or DPM shall make the trading crowd aware of the stop price and size.

(2) The Floor Broker shall time-stamp the card or ticket at the time that the stop is granted and accepted.

(3) The Market-Maker or DPM who grants a stop order must execute, if requested, one or more additional orders in the same series of options not to exceed, in aggregate, the total quantity of contracts included in the original stopped order at the same stop price.

(4) If a transaction occurs in the crowd at the stop price, the Floor Broker must immediately elect to execute the stop order at the stop price and size or release the Market-Maker or DPM from his guarantee.

(5) In improving on the stop price once a Floor Broker has accepted a stop, a Floor Broker must bid no more than one minimum increment less than the stop and must offer no more than one minimum increment greater than the stop.

(c) *Priority Accorded Stopped Orders*. Unless the order is in the public limit order book, a Market-Maker or DPM who has granted a stop has priority at the stop price over a new crowd order, at the same limit, if the stopped order is properly time-stamped by the Floor Broker at the time the stop is granted and accepted.

(d) *Notice to Customer*. Within a reasonably practicable time after a customer's order has been stopped, the Floor Broker or, if different, the TPH organization handling the customer's account, shall so inform the customer.

(e) *Reporting Executions of Stopped Orders*. All executions of stopped orders shall be reported on the tape. In addition to other reporting information required under the Rules, the Trading Permit Holder with the responsibility for reporting the transaction must indicate the fact that a stopped order has been executed by writing the letters "ST" clearly on the card or ticket used to record and report transactions.

(f) *Effect of Trading Halts on Stopped Orders*. An order to buy that is stopped at the offer price prior to a halt in trading shall receive the stop price if, when the option reopens, it trades at the stop price or at a higher price. If the option reopens and trades at a lower price than the stop price, the stop is no longer effective since the market price is better than the stop price, and it is then the responsibility of the Floor Broker to execute the order at the best possible price. The same principles apply to a sell order that is stopped at a bid price.

(g) *Liability for Stopped Orders*. If an order is executed at a less favorable price than that agreed upon, the Market-Maker or DPM who granted the stop shall be liable for an adjustment of the difference between the two prices.

[Effective October 7, 2019 (SR-CBOE-2019-059)]

Rule 5.59. Firm Disseminated Market Quotes

(a) *Definitions*. For the purposes of this rule, and Rule 602 of Regulation NMS as applied to the Exchange and Trading Permit Holders on the floor, the term:

> (1) "Responsible Broker or Dealer" has the meaning prescribed in Rule 600(b)(69) of Regulation NMS under the Exchange Act;
>
> (2) "reported security" means any security or class of securities for which transaction reports are collected, processed and made available pursuant to an effective national market system plan for reporting transactions in listed options.

(b) *Firm Quote Requirement*. The firm quote requirement obligates the responsible broker or dealer to sell (buy) at least the established number of contracts at the offer (bid) which is displayed when the responsible broker or dealer receives a buy (sell) order at the trading station where the reported security is located for trading.

(c) *Firm Quote Size*. The Exchange may establish separate firm quote requirements for each series of option, which shall be for at least one contract, for non-broker-dealer orders and broker- dealer orders, as provided below. For purposes of this Rule, the term broker-dealer includes foreign broker-dealers.

> (1) *Non-Broker-Dealer Orders*. The firm quote requirement size for non-broker-dealer orders shall be the size that the Exchange disseminates to vendors. In the event the

Exchange has not disseminated a size along with its quotes for a particular series, then the firm quote requirement size for non-broker-dealer orders shall be that size periodically published by the Exchange in a different manner (e.g., on its website).

(2) *Broker-Dealer Orders*. The firm quote requirement size for broker-dealer orders shall be the lesser of the size that the exchange either disseminates to vendors or periodically publishes in a different manner (e.g., on its website).

(d) *Thirty Seconds Rule*. Each responsible broker or dealer within thirty seconds from receiving an order that is greater than the quotation size established by paragraph (c) of this rule must:

(1) execute the entire order; or

(2) execute that portion of the order equal to at least the quotation size established by paragraph (c) of this rule, and revise its bid or offer.

(e) *Exemptions to Firm Quote Requirements*.

(1) The responsible broker or dealer shall be relieved of its obligations under this Rule and with respect to paragraph (a)(3) of Rule 602 of Regulation NMS:

(A) when two Floor Officials, on a case by case basis, for either a class or series within a class, make a determination that the level of trading activity or the existence of unusual market conditions are such that the Exchange is incapable of collecting, processing and making available to quotation vendors bids, offers and quotation sizes with respect to one or more class or series within a class of option in a manner which accurately reflects the current state of the market on the floor;

(B) when the senior person, then in charge of the Exchange's Trade Desk, shall have the authority to suspend the firm quote requirements of paragraph (b) with respect to a class of options if he or she determines that the level of trading activity or the existence of unusual market conditions are such that the Exchange is incapable of collecting, processing and making available to quotation vendors bids, offers and quotation sizes with respect to one or more class or series of option in a manner which accurately reflects the current state of the market on the floor. After exercising such authority, that senior person shall immediately seek approval by two Floor Officials, who may confirm or overrule the decision; or

(C) when the order for the purchase or sale of a reported security is presented during a trading rotation in that listed option.

(2) When it has been relieved of its firm quote obligation, the responsible broker or dealer shall report bids and offers or revised bids and offers in a reported security, for publication, on a "best efforts" basis.

(3) Whenever two Floor Officials or the senior person then in charge of the Exchange's Control Room make a determination under subparagraphs (e)(1) or (2) above with respect

to any reported security, the Exchange's Control Room will disseminate a message notifying the specified persons that the displayed quotes are not firm.

(4) During any period that the market in a reported security is in a non-firm mode, the Floor Officials shall monitor the activity or condition, which formed the basis for their determination. No more than 30 minutes after such market has been designated to be in a non-firm mode, the DPM shall review the condition of such market with the Floor Officials. Continuation of the non-firm mode for longer than 30 minutes shall require the reaffirmation of the reviewing Floor Officials. Such review and reaffirmation shall occur not less frequently than every 30 minutes thereafter while the non-firm mode is in effect.

(5) When the Exchange is once again capable of collecting, processing and making available to quotation vendors bids and offers with respect to a reported security that is in a non-firm mode in a manner which accurately reflects the current state of the market on the floor then the senior person then in charge of the Exchange's Control Room, or two Floor Officials shall lift the non-firm mode designation. Once the non-firm mode designation has been lifted, the responsible broker or dealer shall be obligated for the firm quote requirement as stated in paragraph (b).

(6) No responsible broker or dealer shall be obligated to execute a transaction for any listed option as provided in paragraph (b) of this Rule and under Rule 602 of Regulation NMS when the following occur:

(A) *Revised Quotation Size*.

(i) Prior to the presentation of an order to sell (buy), a responsible broker or dealer has communicated to the exchange, a revised quotation size; or

(ii) At the time an order to sell (buy) is presented, a responsible broker or dealer is in the process of effecting a transaction in such series of option, and immediately after the completion of such transaction, it communicates to the exchange a revised quotation size, such responsible broker or dealer shall not be obligated by paragraphs (b), or (d) of this Rule to sell (buy) that option in an amount greater than such revised quotation size.

(B) *Revised Bid or Offer*.

(i) Before the order sought to be executed is presented, a responsible broker or dealer has communicated to the exchange, a revised bid or offer; or

(ii) At the time the order sought to be executed is presented, a responsible broker or dealer is in the process of effecting a transaction in such series of option, and, immediately after the completion of such transaction, a responsible broker or dealer communicates to the exchange, a revised bid or offer; provided, however, that the responsible broker or dealer shall nonetheless be obligated to execute any such order as provided in paragraph (b) of this rule at its revised bid or offer in any amount up to its published quotation size or revised quotation size.

(f) Each Trading Permit Holder on the floor shall abide by such rules and procedures adopted by the Exchange, in order to enable the Exchange to meet its quotation dissemination requirements pursuant to Rule 602 of Regulation NMS.

Interpretations and Policies

.01 Where a Trading Permit Holder has caused a bid or offer to be disseminated and the order is subsequently filled or canceled, the Trading Permit Holder will be responsible for causing such disseminated bid or offer to be removed. Failure to do so will result in the Trading Permit Holder being responsible for satisfying the firm disseminated quote commitment pursuant to paragraph (b) of this Rule. Any Trading Permit Holder who has caused a bid or offer to be disseminated is equally responsible for removing such bid or offer when he leaves the trading crowd.

.02 Where a disseminated market quote is revised, as provided for in paragraph (e) of this Rule, it will be considered conduct inconsistent with just and equitable principles of trade for a responsible broker or dealer immediately to re-display the previously disseminated market quote, unless such action is warranted by a change in market conditions.

.03 Floor Officials may, as provided for under Rules 5.80 and 13.15(g)(6), impose a fine on members of the trading crowd for violations of this Rule and its Interpretations and Policies.

.04 The requirement of paragraph (b) of this Rule that the responsible broker or dealer must honor displayed quotations up to the firm quote requirement subject to the conditions of the Rule applies not only to orders to buy or sell options, but also to complex orders that may be executed at displayed quotations for both parts of the order.

This obligation of a responsible broker or dealer applies to complex orders, and extends to the amount of the firm quote requirement on each side of the order.

.05 Under paragraph (e) of this Rule, when two Floor Officials determine that a market in a class or series of options is fast pursuant to Rule 5.23, the Floor Officials may determine the market constitutes a level of trading activity or such unusual market conditions that the Exchange is incapable of collecting, processing and making available to quotation vendors bids, offers and quotation sizes in a manner that accurately reflects the current state of the market on the floor, and thus, suspend the firm quote requirement.

.06 The responsible broker or dealer is not obligated to honor a published bid or offer that is erroneous as a result of an error or omission made by the Exchange or any quotation vendor. If a published bid or published offer is accurate but the published quotation size (or published aggregate quotation size, as the case may be) associated with it is erroneous as a result of an error or omission made by the Exchange or any quotation vendor, then the responsible broker or dealer is responsible for the published bid or published offer shall be obligated to the extent set forth in paragraph (c) of Rule 602 of Regulation NMS but only to the extent of one contract of the listed option in question.

.07 For purposes of determining when the firm quote obligations under this Rule attach in respect of orders received at a PAR workstation and how the exemptions to that obligation provided in

paragraph (e) of that Rule apply, an order shall be deemed to be presented to the responsible broker or dealer, at the time the order is announced to the trading crowd.

.08 If, pursuant to paragraph (e) of this Rule, non-firm mode applies to an options class because the security underlying such options class has been delisted and is subsequently traded over-the-counter or on a similar trading system, and opening transactions have been prohibited pursuant to Rule 4.4, the Exchange shall monitor the activity or condition of the market and paragraph (e)(4) of this Rule shall not apply.

[Effective October 7, 2019 (SR-CBOE-2019-081)]

SECTION E. INTERMARKET LINKAGE

Rule 5.65. Definitions

The following terms have the meaning specified in this Rule solely for the purpose of this Section E:

(a) "Best Bid" and "Best Offer" mean the highest priced Bid and the lowest priced Offer.

(b) "Bid" or "Offer" means the bid price or the offer price communicated by a member of an Eligible Exchange to any Broker/Dealer, or to any customer, at which it is willing to buy or sell, as either principal or agent, but shall not include indications of interest.

(c) "Broker/Dealer" means an individual or organization registered with the Commission in accordance with Section 15(b)(1) of the Exchange Act or a foreign broker or dealer exempt from such registration pursuant to Rule 15a-6 under the Exchange Act.

(d) "Complex Trade" means: (1) the execution of an order in an option series in conjunction with the execution of one or more related order(s) in different option series in the same underlying security occurring at or near the same time in a ratio that is equal to or greater than one-to- three (.333) and less than or equal to three-to-one (3.0) and for the purpose of executing a particular investment strategy (for the purpose of applying the aforementioned ratios to complex trades comprised of both mini-option contracts and standard option contracts, ten (10) mini-option contracts will represent one (1) standard option contract); or (2) the execution of a stock-option order to buy or sell 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 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 or convertible security 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 to the total number of units of the underlying stock or convertible security in the stock leg.

(e) "Crossed Market" means a quoted market in which a Protected Bid is higher than a Protected Offer in a series of an Eligible Class.

(f) "Customer" means an individual or organization that is not a Broker/Dealer.

(g) "Eligible Exchange" means a national securities exchange registered with the SEC in accordance with Section 6(a) of the Exchange Act that: (1) is a Participant Exchange in OCC (as that term is defined in Section VII of the OCC by-laws); (2) is a party to the OPRA Plan (as that term is described in Section I of the OPRA Plan); and (3) if the national securities exchange is not a party to the Plan, is a participant in another plan approved by the Commission providing for comparable Trade-Through and Locked and Crossed Market protection.

(h) "Intermarket Sweep Order ("ISO")" means a Limit Order for an options series that, simultaneously with the routing of the ISO, one or more additional ISOs, as necessary, are routed to execute against the full displayed size of any Protected Bid, in the case of a limit order to sell, or any Protected Offer, in the case of a limit order to buy, for the options series with a price that is superior to the limit price of the ISO. A Trading Permit Holder may submit an ISO to the Exchange only if it has simultaneously routed one or more additional ISOs to execute against the full displayed size of any Protected Bid, in the case of a limit order to sell, or Protected Offer, in the case of a limit order to buy, for an options series with a price that is superior to the limit price of the ISO.

(i) "Locked Market" means a quoted market in which a Protected Bid is equal to a Protected Offer in a series of an Eligible Options Class.

(j) "NBBO" means the national best bid and offer in an options series as calculated by an Eligible Exchange.

(k) "Non-Firm" means, with respect to Quotations, that members of an Eligible Exchange are relieved of their obligation to be firm for their Quotations pursuant to Rule 602 under the Exchange Act.

(l) "OPRA Plan" means the plan filed with the Commission pursuant to Section 11Aa(1)(C)(iii) of the Exchange Act, approved by the Commission and declared effective as of January 22, 1976, as from time to time amended.

(m) "Participant" means an Eligible Exchange that is a party to the Plan.

(n) "Plan" means the Options Order Protection and Locked/Crossed Market Plan, as such plan may be amended from time to time.

(o) "Protected Bid" or "Protected Offer" means a Bid or Offer in an options series, respectively, that:

(1) is disseminated pursuant to the OPRA Plan; and

(2) is the Best Bid or Best Offer, respectively, displayed by an Eligible Exchange.

(p) "Quotation" means a Bid or Offer.

(q) "Trade-Through" means a transaction in an option series at a price that is lower than a Protected Bid or higher than a Protected Offer.

[Effective October 7, 2019 (SR-CBOE-2019-033)]

Rule 5.66. Order Protection

(a) Avoidance of Trade-Throughs. Except as provided in paragraph (b) below, Trading Permit Holders shall not effect Trade-Throughs.

(b) Exceptions. The provisions of paragraph (a) pertaining to Trade-Throughs shall not apply under the following circumstances:

(1) If an Eligible Exchange repeatedly fails to respond within one second to incoming orders attempting to access its Protected Quotations, the Exchange may bypass those Protected Quotations by:

(A) Notifying the non-responding Eligible Exchange immediately after (or at the same time as) electing self-help; and

(B) Assessing whether the cause of the problem lies with its own systems and, if so, taking immediate steps to resolve the problem;

Any time a determination to bypass the Protected Quotations of an Eligible Exchange is made pursuant to this subparagraph, the Exchange must promptly document the reasons supporting such determination.

(2) The transaction traded through a Protected Quotation being disseminated by an Eligible Exchange during a trading rotation;

(3) The transaction that constituted the Trade-Through occurred when there was a Crossed Market;

(4) The transaction that constitutes the Trade-Through is the execution of an order identified as an ISO, or the transaction that constitutes the Trade-Through is effected by the Exchange while simultaneously routing an ISO to execute against the full displayed size of any better-priced Protected Quotation;

(5) The Eligible Exchange displaying the Protected Quotation that was traded through had displayed, within one second prior to execution of the Trade-Through, a Best bid or Best offer, as applicable, for the options series with a price that was equal or inferior to the price of the Trade-Through transaction;

(6) The Protected Quotation traded through was being disseminated from an Eligible Exchange whose Quotations were Non-Firm with respect to such options series;

(7) The transaction that constituted the Trade-Through was effected as a portion of a Complex Trade;

(8) The transaction that constituted the Trade-Through was the execution of an order for which, at the time of receipt of the order, a Trading Permit Holder had guaranteed an execution at no worse than a specified price (a "stopped order"), where:

(A) the stopped order was for the account of a Customer;

(B) the Customer agreed to the specified price on an order-by-order basis; and

(C) the price of the Trade-Through was, for a stopped buy order, lower than the national Best Bid in the options series at the time of execution, or, for a stopped sell order, higher than the national Best Offer in the options series at the time of execution;

(9) The transaction that constituted the Trade-Through was the execution of an order that was stopped at a price that did not Trade-Through an Eligible Exchange at the time of the stop; or

(10) The transaction that constituted the Trade-Through was the execution of an order at a price that was not based, directly or indirectly, on the quoted price of the options series at the time of execution and for which the material terms were not reasonably determinable at the time the commitment to execute the order was made.

[Effective October 7, 2019 (SR-CBOE-2019-033)]

Rule 5.67. Locked and Crossed Markets

(a) Prohibition. Except for quotations that fall within the provisions of paragraph (b) of this Rule, Trading Permit Holders shall reasonably avoid displaying, and shall not engage in a pattern or practice of displaying, any quotations that lock or cross a Protected Quotation.

(b) Exceptions.

(1) The locking or crossing quotation was displayed at a time when the Exchange was experiencing a failure, material delay, or malfunction of its systems or equipment;

(2) The locking or crossing quotation was displayed at a time when there is a Crossed Market; or

(3) The Trading Permit Holder simultaneously routed an ISO to execute against the full displayed size of any locked or crossed Protected Bid or Protected Offer.

[Effective October 7, 2019 (SR-CBOE-2019-033)]

SECTION F. FLEX TRADING

Rule 5.70. Availability of Orders

(a) Pursuant to Rule 5.6(a), the Exchange may make order types, Order Instructions, and Times-in-Force available on a class basis. The Exchange may make the following order types, Order Instructions, and Times-in-Force available for orders submitted in FLEX Options ("FLEX Orders"):

(1) *Order Types*: limit order.

(2) *Order Instructions*: All Sessions, Attributable, DAC (except for FLEX Options with an exercise price that is a percentage of the closing value of the underlying equity security or index value, as applicable on the trade date or that is Asian or Cliquet-settled), Direct to PAR, Electronic Only, Non-Attributable, Not Held, and RTH Only.

(3) *Times-in-Force*: Day.

(b) The Exchange may make complex orders, including security future-option orders and stock-option orders, available for FLEX trading. Complex FLEX Orders may have up to the maximum number of legs determined by the Exchange. Each leg of a complex FLEX Order:

(1) must be for a FLEX Option series authorized for FLEX trading with the same underlying equity security or index;

(2) must have the same exercise style (American or European); and

(3) for a FLEX Index Option, may have a different settlement type (a.m.-settled or p.m.-settled), except each leg must have the same settlement type if designated as Asian-settled or Cliquet-settled.

(c) A FLEX Trader may enter a FLEX Order into the System during the times set forth in Rule 5.7. A FLEX Trader must designate a FLEX Order entered prior to the opening of the applicable trading session or during a trading halt as Direct to PAR; the System rejects a FLEX Order designated as Electronic Only prior to the opening of the applicable trading session or during a trading halt.

[Effective October 7, 2019 (SR-CBOE-2019-084); amended October 14, 2020 (SR-CBOE-2020-074); amended November 3, 2020 (SR-CBOE-2020-014)]

Rule 5.71. Opening of FLEX Trading

(a) There is no opening trading rotation in FLEX Options.

(b) FLEX Traders may begin submitting FLEX Orders into an electronic FLEX Auction pursuant to Rule 5.72(c), a FLEX AIM pursuant to Rule 5.73, or a FLEX SAM pursuant to Rule 5.74, or initiate an open outcry FLEX Auction on the Exchange's trading floor pursuant to Rule 5.72(d):

(1) with respect to the RTH trading session, after the System's observation after 9:30 a.m. of the first disseminated (A) transaction on the primary market in the security underlying an equity option or (B) index value for the index underlying an index option; and

(2) with respect to the GTH trading session, after 3:00 a.m.

[Effective October 7, 2019 (SR-CBOE-2019-084)]

Rule 5.72. FLEX Trading

(a) *General.* Trading of FLEX Options is subject to all other Rules applicable to the trading of options on the Exchange, unless otherwise provided in this Chapter 5, Section F.

(b) *FLEX Orders.* A FLEX Option series is only eligible for trading if a FLEX Trader (the "Submitting FLEX Trader") (i) submits a FLEX Order for that series into an electronic FLEX Auction pursuant to paragraph (c) of this Rule, (ii) represents the FLEX Order in an open outcry FLEX Auction

pursuant to paragraph (d) of this Rule, or (iii) submits the FLEX Order to a FLEX AIM or SAM Auction pursuant to Rule 5.73 or 5.74, respectively.

(1) *Simple FLEX Order.* A FLEX Order for a FLEX Option series submitted to the System must include all terms for a FLEX Option series set forth in Rule 4.21 (including that a non-FLEX Option series with identical terms is not listed for trading), size, side of the market, and a bid or offer price, subject to the order entry requirements set forth in Rule 5.7.

(2) *Complex FLEX Order.* A FLEX Order for a FLEX Option complex strategy submitted to the System must satisfy the criteria for a complex FLEX Order set forth in Rule 5.70(b) and include size, side of the market, and a net debit or credit price. Additionally, each leg of the FLEX Option complex strategy must include all terms for a FLEX Option series set forth in Rule 4.21 (including that a non-FLEX Option series with identical terms is not listed for trading), subject to the order entry requirements set forth in Rule 5.7.

(A) A complex FLEX Order submitted into the System for an electronic FLEX Auction pursuant to paragraph (c) below must include a bid or offer price for each leg, which leg prices must add together to equal the net price.

(B) A complex FLEX Order submitted into the System prior to representation in an open outcry FLEX Auction pursuant to paragraph (d) below may include a bid or offer price on one or more of the legs (subject to a FLEX Trader's responsibilities pursuant to Rule 5.91 and Chapter 9). The execution leg prices must be entered or modified, as necessary, via PAR following execution of the order, which prices must add together to equal the net execution price.

(c) *Electronic FLEX Auctions.* A Submitting FLEX Trader may electronically submit a FLEX Order (simple or complex) into an electronic FLEX Auction for execution pursuant to this paragraph (c).

(1) *Eligibility Requirements.* The Submitting FLEX Trader may initiate a FLEX Auction if all of the following conditions are met:

(A) *Class.* The FLEX Order is in a class of options the Exchange is authorized to list for trading on the Exchange.

(B) *Size.* There is no minimum size for FLEX Orders.

(C) *Terms.* A simple or complex FLEX Order must comply with paragraph (b) above.

(D) *Price.* The bid or offer price, or the net debit or credit price, as applicable, of the FLEX Order is the "auction price."

(E) *Time.* The Submitting FLEX Trader may only submit a FLEX Order for electronic execution in a FLEX Auction after FLEX trading has opened pursuant to Rule 5.71.

(F) *Exposure Interval.* The Submitting FLEX Trader designates the length of the "exposure interval," which must be between three seconds and five minutes. The designated time may not go beyond the market close.

The System rejects or cancels a FLEX Order that does not meet the conditions in this subparagraph (c)(1).

(2) *FLEX Auction Process.* Upon receipt of a FLEX Order that meets the conditions in subparagraph (c)(1), the FLEX Auction process commences.

(A) *FLEX Auction Notification Message.* The System initiates a FLEX Auction by sending a FLEX Auction notification message to FLEX Traders detailing the FLEX Option series or complex strategy (as applicable), side, size, Auction ID, Capacity, time at which the exposure interval will conclude, and Attribution (if the FLEX Order is designated as Attributable). FLEX Auction notification messages are not disseminated to OPRA.

(B) *Concurrent FLEX Auctions.* One or more FLEX Auctions in the same FLEX Option series or complex strategy (as applicable) may occur at the same time. To the extent there is more than one FLEX Auction in a FLEX Option series or complex strategy (as applicable) underway at the same time, the FLEX Auctions conclude sequentially based on the times at which each FLEX Auction's exposure interval concludes. At the time each FLEX Auction concludes, the System allocates the FLEX Order pursuant to subparagraph (c)(3) below and takes into account all FLEX responses submitted during the exposure interval.

(C) *Cancellation.* The Submitting FLEX Trader may cancel a FLEX Auction prior to the end of the exposure interval.

(D) *FLEX Responses.* Any FLEX Trader (including the Submitting FLEX Trader) may submit responses to a FLEX Auction that are properly marked specifying the FLEX Option series or complex strategy (as applicable), bid or offer price or net price (respectively), size, side of the market, and the Auction ID for the FLEX Auction to which the User is submitting the response. A FLEX response may only participate in the FLEX Auction with the Auction ID specified in the response.

(i) A FLEX Trader may submit multiple FLEX responses at the same or multiple prices to a FLEX Auction. For purposes of a FLEX Auction, the System aggregates all of a FLEX Trader's FLEX responses for the same EFID at the same price.

(ii) The System caps the size of a FLEX response, or the aggregate size of a FLEX Trader's FLEX responses for the same EFID at the same price, at the size of the FLEX Order (*i.e.*, the System ignores the size in excess of the size of the FLEX Order when processing the FLEX Auction).

(iii) FLEX responses must be on the opposite side of the market as the FLEX Order. The System rejects a FLEX response on the same side of the market as the FLEX Order.

(iv) FLEX responses are not visible to FLEX Traders or disseminated to OPRA.

(v) A FLEX Trader may modify or cancel its FLEX responses during the exposure interval.

(3) *Conclusion of the FLEX Auction.* The FLEX Auction concludes at the end of the exposure interval, unless the Exchange halts trading in the affected series or the Submitting FLEX Trader cancels the FLEX Auction, in which case the FLEX Auction concludes without execution. At the conclusion of the FLEX Auction:

(A) *Allocation.* The System executes the FLEX Order against the FLEX responses at the best price(s), to the price at which the balance of the FLEX Order or the FLEX responses can be fully executed (the "final auction price").

(i) If there are multiple FLEX responses at the same price level, then the contracts in those FLEX responses are allocated proportionally according to size (in a pro-rata fashion).

(ii) The executable quantity is allocated to the nearest whole number, with fractions 1/2 or greater rounded up and fractions less than 1/2 rounded down.

(iii) If the executable quantity cannot be evenly allocated, contracts will be distributed using this pro-rata priority methodology until there are no contracts remaining.

(B) *Unexecuted FLEX Order.* The System cancels an unexecuted FLEX Order (or unexecuted portion).

(C) *Unexecuted FLEX Responses.* The System cancels any unexecuted FLEX responses (or unexecuted portions).

(d) *Open Outcry FLEX Auction.* A Submitting FLEX Trader may represent and execute a FLEX Order that complies with paragraph (b) above on the Exchange's trading floor in the same manner as a Trading Permit Holder may represent and execute an order for a non-FLEX Option (which includes systemization of the FLEX Order pursuant to Rule 5.7(f) and routing the FLEX Order to PAR pursuant to Rule 5.82) on the Exchange's trading floor pursuant to Chapter 5, Section G, except:

(1) ICMPs that are FLEX Traders have a reasonable amount of time (which amount of time must be between three seconds and five minutes) from the time a FLEX Trader requests a quote in a FLEX Option series or represents a FLEX Order (including announcing a crossing transaction pursuant to Rule 5.87) to respond with bids and offers.

(2) FLEX Orders are allocated only to responses from the trading crowd pursuant to Rule 5.85(a)(2)(C).

(3) Rule 5.85(b) through (e) are inapplicable to FLEX Options.

(e) *Section 11(a)(1) of the Exchange Act.* All executions of FLEX Orders must comply with Section 11(a)(1) of the Exchange Act, which prohibits a TPH from effecting transactions on the Exchange for the TPH's own account, the account of an associated person, or an account with respect to which the

TPH or its associated person exercises investment discretion (collectively referred to as "proprietary" orders), unless an exception applies.

(1) A TPH relying on the exemption in Section 11(a)(1)(G) of the Exchange Act and Rule 11a-1(T) ("the 'G' exemption") thereunder may submit a proprietary order to the Exchange for execution in open outcry if it yields priority to any bid (offer) at the same price that is represented by all other bids (offers) that have priority over the TPH's order pursuant to this Rule 5.72.

(2) A TPH may not submit an electronic FLEX Order pursuant to paragraph (b) above, Rule 5.73, or Rule 5.74 to effect any proprietary order transactions by relying on the "G" exemption.

[Effective October 7, 2019 (SR-CBOE-2019-084); amended December 6, 2019 (SR-CBOE-2019-117)]

Rule 5.73. FLEX Automated Improvement Mechanism ("FLEX AIM" or "FLEX AIM Auction")

A FLEX Trader (the "Initiating FLEX Trader) may electronically submit for execution an order (which may be a simple or complex order) it represents as agent ("Agency Order") against principal interest or a solicited order(s) (except, if the Agency Order is a simple order, for an order for the account of any FLEX Market-Maker with an appointment in the applicable FLEX Option class on the Exchange) (an "Initiating Order") provided it submits the Agency Order for electronic execution into a FLEX AIM Auction pursuant to this Rule.

(a) *FLEX AIM Auction Eligibility Requirements.* The Initiating FLEX Trader may initiate a FLEX AIM Auction if all of the following conditions are met:

(1) *Class.* An Agency Order must be in a FLEX Option class the Exchange designates as eligible for FLEX AIM Auctions.

(2) *FLEX Option Series.* The Agency Order and Initiating Order must each be a FLEX Order that complies with Rule 5.72(b) in a permissible FLEX Option series that complies with Rule 4.21.

(3) *Marking.* The Initiating FLEX Trader must mark an Agency Order for FLEX AIM Auction processing.

(4) *Size.* There is no minimum size for Agency Orders. The Initiating Order must be for the same size as the Agency Order.

(5*) Minimum Increment.* The price of the Agency Order and Initiating Order must be in an increment the Exchange determines on a class basis (which may not be smaller than the amounts set forth in Rule 5.4(c)(4)). The price must be in the same format (*i.e.*, price or percentage) as the exercise price of the FLEX Option series. If the Agency Order and Initiating Order are complex orders, the price must be a net price for the complex strategy.

(6) *Time.* An Initiating FLEX Trader may only submit an Agency Order to a FLEX AIM Auction after trading in FLEX Options is open pursuant to Rule 5.71.

The System rejects or cancels both an Agency Order and Initiating Order submitted to a FLEX AIM Auction that do not meet the conditions in this paragraph (a).

(b) *Stop Price.* The Initiating Order must stop the entire Agency Order at a price in the same format (*i.e.*, price or percentage) as the exercise price of the FLEX Option series. If the Agency Order and Initiating Order are complex orders, the price must be a net price for the complex strategy. The Initiating FLEX Trader must specify:

(1) a single price at which it seeks to execute the Agency Order against the Initiating Order (a "single-price submission"), including whether it elects to have last priority in allocation (as described in subparagraph (e)(4) below); or

(2) an initial stop price and instruction to automatically match the price and size of all FLEX AIM responses ("auto-match") at each price, up to a designated limit price, better than the price at which the balance of the Agency Order can be fully executed (the "final auction price").

The System rejects or cancels both an Agency Order and Initiating Order submitted to a FLEX AIM Auction that do not meet the conditions in this paragraph (b).

(c) *FLEX AIM Auction Process.* Upon receipt of an Agency Order that meets the conditions in paragraphs (a) and (b), the FLEX AIM Auction process commences.

(1) *Concurrent Auctions.*

(A) *Simple Agency Order.* One or more FLEX AIM Auctions in the same FLEX Option series may occur at the same time. To the extent there is more than one FLEX AIM Auction in a series underway at a time, the FLEX AIM Auctions conclude sequentially based on the times at which the FLEX AIM Auction periods end. At the time each FLEX AIM Auction concludes, the System allocates the Agency Order pursuant to paragraph (e) and takes into account all FLEX AIM responses received during the FLEX AIM Auction period.

(B) *Complex Agency Order.*

(i) One or more FLEX AIM Auctions in the same complex strategy may occur at the same time. AIM Auctions in different complex strategies may be ongoing at any given time, even if the complex strategies have overlapping components. A FLEX AIM Auction in a complex strategy may be ongoing at the same time as a FLEX AIM Auction in any component of the complex strategy.

(ii) To the extent there is more than one FLEX AIM Auction in a complex strategy underway at a time, the FLEX AIM Auctions conclude sequentially based on the times at which the FLEX AIM Auction periods end.

(iii) At the time each FLEX AIM Auction period ends, the System allocates the Agency Order pursuant to paragraph (e) and takes into account all FLEX AIM responses received during the FLEX AIM Auction period.

(2) *FLEX AIM Auction Notification Message.* The System initiates the FLEX AIM Auction process by sending a FLEX AIM Auction notification message detailing the side, size, Auction ID, the length of the FLEX AIM Auction period, and FLEX option series or complex strategy, as applicable, of the Agency Order to all FLEX Traders that elect to receive FLEX AIM Auction notification messages. FLEX AIM Auction notification messages are not disseminated to OPRA.

(3) *FLEX AIM Auction Period.* The "FLEX AIM Auction period" is a period of time designated by the Initiating FLEX Trader, which may be no less than three seconds and no more than five minutes. The designated length of the FLEX AIM Auction period may not be longer than the amount of time remaining until the market close.

(4) *Modification or Cancellation.* An Initiating FLEX Trader may not modify or cancel an Agency Order or Initiating Order after submission to a FLEX AIM Auction.

(5) *FLEX AIM Responses.* Any FLEX Trader may submit responses to a FLEX AIM Auction that are properly marked specifying price, size, side, and the Auction ID for the FLEX AIM Auction to which the FLEX Trader is submitting the response. A FLEX AIM response may only participate in the FLEX AIM Auction with the Auction ID specified in the response.

(A) The minimum price increment for FLEX AIM responses is the same as the one the Exchange determines for a class pursuant to subparagraph (a)(5) above, and must be in the same format (*i.e.*, price or percentage) as the exercise price of the FLEX Option series. A response to a FLEX AIM Auction of a complex Agency Order must have a net price. The System rejects a FLEX AIM response that is not in the applicable minimum increment or format.

(B) A FLEX Trader may submit multiple FLEX AIM responses at the same or multiple prices to a FLEX AIM Auction. For purposes of a FLEX AIM Auction, the System aggregates all of a FLEX Trader's FLEX AIM responses for the same EFID at the same price.

(C) The System caps the size of a FLEX AIM response, or the aggregate size of a FLEX Trader's FLEX AIM responses for the same EFID at the same price, at the size of the Agency Order (*i.e.*, the System ignores size in excess of the size of the Agency Order when processing the FLEX AIM Auction).

(D) FLEX AIM responses must be on the opposite side of the market as the Agency Order. The System rejects a FLEX AIM response on the same side of the market as the Agency Order.

(E) FLEX AIM responses are not visible to AIM Auction participants or disseminated to OPRA.

(F) A FLEX Trader may modify or cancel its FLEX AIM responses during the FLEX AIM Auction.

(d) *Conclusion of FLEX AIM Auction.* A FLEX AIM Auction concludes at the earliest to occur of the following times:

(1) the end of the FLEX AIM Auction period; and

(2) any time the Exchange halts trading in the affected series, provided, however, that in such instance the FLEX AIM Auction concludes without execution.

(e) *Execution of Agency Order.* At the conclusion of the FLEX AIM Auction, the System allocates the Initiating Order or FLEX AIM responses against the Agency Order at the best price(s), to the price at which the balance of the Agency Order can be fully executed (the "final auction price"), as follows.

(1) *No Price Improvement.* If the FLEX AIM Auction results in no price improvement, the System executes the Agency Order at the stop price in the following order:

(A) Priority Customer responses (in time priority);

(B) The Initiating Order for the greater of (i) one contract or (ii) up to 50% of the Agency Order if there is a response(s) from one other FLEX Trader at the same price or 40% of the Agency Order if there are responses from two or more other FLEX Traders at the same price (which percentages are based on the number of contracts remaining after execution against Priority Customer responses). Under no circumstances does the Initiating FLEX Trader receive an allocation percentage at the final auction price of more than 50% of the initial Agency Order in the event there is a response(s) from one other FLEX Trader or 40% of the initial Agency Order in the event there are responses from two or more other FLEX Traders;

(C) All other FLEX AIM responses, allocated on a pro-rata basis pursuant to Rule 5.32(a)(1)(B); and

(D) The Initiating Order to the extent there are any remaining contracts.

(2) *Price Improvement with Single-Price Submission.* If the FLEX AIM Auction results in price improvement for the Agency Order and the Initiating FLEX Trader selected a single-price submission, at each price better than final auction price, the System executes the Agency Order in the following order:

(A) Priority Customer responses (in time priority); and

(B) All other FLEX AIM responses, allocated on a pro-rata basis pursuant to Rule 5.32(a)(1)(B).

At the final auction price, the System executes any remaining contracts from the Agency Order at that price in the order set forth in subparagraph (e)(1).

(3) *Price Improvement with Auto-Match.* If the FLEX AIM Auction results in price improvement for the Agency Order and the Initiating FLEX Trader selected auto-match, at each price level better than the final auction price up to the designated limit price, the System executes the Agency Order against the Initiating Order for the number of contracts equal to the aggregate size of all FLEX AIM responses and then executes the Agency Order against those responses in the order set forth in subparagraph (e)(2). At the final auction price, the System executes contracts at that price in the order set forth in subparagraph (e)(1).

(4) *Last Priority.* If the Initiating FLEX Trader selects a single-price submission, it may elect for the Initiating Order to have last priority to trade against the Agency Order. If the Initiating FLEX Trader elects last priority, then notwithstanding subparagraphs (e)(1) and (2), the System only executes the Initiating Order against any remaining Agency Order contracts at the stop price after the Agency Order is allocated to all FLEX AIM responses at all prices equal to or better than the stop price. Last priority information is not available to other market participants and may not be modified after it is submitted.

(5) *Unexecuted Responses.* The System cancels or rejects any unexecuted FLEX AIM responses (or unexecuted portions) at the conclusion of the FLEX AIM Auction.

Interpretations and Policies

.01 A FLEX Trader may only use a FLEX AIM Auction where there is a genuine intention to execute a bona fide transaction.

.02 It will be deemed conduct inconsistent with just and equitable principles of trade and a violation of Rule 10.1 to engage in a pattern of conduct where the Initiating FLEX Trader breaks up an Agency Order into separate orders for the purpose of gaining a higher allocation percentage than the Initiating FLEX Trader would have otherwise received in accordance with the allocation procedures contained in paragraph (e) above.

.03 A FLEX Official may nullify a transaction following a FLEX AIM Auction pursuant to Rule 5.75(b).

[Effective October 7, 2019 (SR-CBOE-2019-093)]

Rule 5.74. FLEX Solicitation Auction Mechanism ("FLEX SAM" or "FLEX SAM Auction")

A FLEX Trader (the "Initiating FLEX Trader") may electronically submit for execution an order (which may be a simple or complex order) it represents as agent ("Agency Order") against a solicited order(s) (which cannot have a Capacity of F for the same EFID as the Agency Order or, if the Agency Order is a simple order, for the account of any FLEX Market Maker with an appointment in the applicable FLEX Option class on the Exchange) ("Solicited Order") if it submits the Agency Order for electronic execution into a FLEX SAM Auction pursuant to this Rule.

(a) *FLEX SAM Auction Eligibility Requirements.* The Initiating FLEX Trader may initiate a FLEX SAM Auction if all of the following conditions are met:

(1) *Class.* An Agency Order must be in a FLEX Option class the Exchange designates as eligible for FLEX SAM Auctions.

(2) *FLEX Option Series.* The Agency Order and Solicited Order must each be a FLEX Order that complies with Rule 5.72(b) in a permissible FLEX Option series that complies with Rule 4.21.

(3) *Marking.* The Initiating FLEX Trader must mark an Agency Order for FLEX SAM Auction processing.

(4) *Size.* The Agency Order must be for at least the minimum size designated by the Exchange (which may not be less than 500 standard option contracts or 5,000 mini-option contracts). The Solicited Order must be for (or must total, if the Solicited Order is comprised of multiple solicited orders) the same size as the Agency Order. The System handles each of the Agency Order and the Solicited Order as all-or-none.

(5) *Minimum Increment.* The price of the Agency Order and Solicited Order must be in an increment the Exchange determines on a class basis (which may not be smaller than the amounts set forth in Rule 5.4(c)(4)). The price must be in the same format (*i.e.*, price or percentage) as the exercise price of the FLEX Option series. If the Agency Order and Solicited Order are complex orders, the price must be a net price for the complex strategy.

(6) *Time.* An Initiating FLEX Trader may only submit an Agency Order to a FLEX SAM Auction after trading in FLEX Options is open pursuant to Rule 5.71.

The System rejects or cancels both an Agency Order and Solicited Order submitted to a FLEX SAM Auction that do not meet the conditions in this paragraph (a).

(b) *Stop Price.* The Solicited Order must stop the entire Agency Order at a price in the same format (*i.e.*, price or percentage) as the exercise price of the FLEX Option series. If the Agency Order and Solicited Order are complex orders, the price must be a net price for the complex strategy. The Initiating FLEX Trader must specify a single price at which it seeks to execute the Agency Order against the Solicited Order. The System rejects or cancels both an Agency Order and Solicited Order submitted to a FLEX SAM Auction that does not meet this condition.

(c) *FLEX SAM Auction Process.* Upon receipt of an Agency Order that meets the conditions in paragraphs (a) and (b), the FLEX SAM Auction process commences.

(1) *Concurrent Auctions.*

(A) *Simple Agency Order.* One or more FLEX SAM Auctions in the same FLEX Option series may occur at the same time. To the extent there is more than one FLEX SAM Auction in a series underway at a time, the FLEX SAM Auctions conclude sequentially based on the times at which the FLEX SAM Auction periods end. At the time each FLEX SAM Auction concludes, the System allocates the Agency Order pursuant to paragraph (e) and takes into account all FLEX SAM responses received during the FLEX SAM Auction period.

(B) *Complex Agency Order.*

(i) One or more FLEX SAM Auctions in the same complex strategy may occur at the same time. SAM Auctions in different complex strategies may be ongoing at any given time, even if the complex strategies have overlapping components. A FLEX SAM Auction in a complex strategy may be ongoing at the same time as a FLEX SAM Auction in any component of the complex strategy.

(ii) To the extent there is more than one FLEX SAM Auction in a complex strategy underway at a time, the FLEX SAM Auctions conclude sequentially based on the times at which the FLEX SAM Auction periods end.

(iii) At the time each FLEX SAM Auction period ends, the System allocates the Agency Order pursuant to paragraph (e) and takes into account all FLEX SAM responses received during the FLEX SAM Auction period.

(2) *FLEX SAM Auction Notification Message.* The System initiates the FLEX SAM Auction process by sending a FLEX SAM Auction notification message detailing the side, size, price, Capacity, Auction ID, the length of the FLEX SAM Auction period, and FLEX Option series or complex strategy, as applicable, of the Agency Order to all FLEX Traders that elect to receive FLEX SAM Auction notification messages. FLEX SAM Auction notification messages are not disseminated to OPRA.

(3) *FLEX SAM Auction Period.* The "FLEX SAM Auction period" is a period of time designated by the Initiating FLEX Trader, which may be no less than three seconds and no more than five minutes. The designated length of the FLEX SAM Auction period may not be longer than the amount of time remaining until the market close.

(4) *Modification or Cancellation.* The Initiating FLEX Trader may not modify or cancel an Agency Order or Solicited Order after submission to a SAM Auction.

(5) *FLEX SAM Responses.* Any FLEX Trader other than the Initiating FLEX Trader (the response cannot have the same EFID as the Agency Order) may submit responses to a FLEX SAM Auction that are properly marked specifying size, side, price, and the Auction ID for the FLEX SAM Auction to which the FLEX Trader is submitting the response. A FLEX SAM response may only participate in the FLEX SAM Auction with the Auction ID specified in the response.

(A) The minimum price increment for FLEX SAM responses is the same as the one the Exchange determines for a class pursuant to subparagraph (a)(5) above, and must be in the same format (*i.e.*, price or percentage) as the exercise price of the FLEX Option series. A response to a FLEX SAM Auction of a complex Agency Order must have a net price. The System rejects a FLEX SAM response that is not in the applicable minimum increment or format.

(B) A FLEX Trader may submit multiple FLEX SAM responses at the same or multiple prices to a FLEX SAM Auction. For purposes of the FLEX SAM Auction,

the System aggregates all of a FLEX Trader's FLEX SAM responses for the same EFID at the same price.

(C) The System caps the size of a FLEX SAM response, or the aggregate size of a FLEX Trader's SAM responses for the same EFID at the same price, at the size of the Agency Order (*i.e.*, the System ignores size in excess of the size of the Agency Order when processing the FLEX SAM Auction).

(D) FLEX SAM responses must be on the opposite side of the market as the Agency Order. The System rejects a FLEX SAM response on the same side of the market as the Agency Order.

(E) FLEX SAM responses are not visible to FLEX SAM Auction participants or disseminated to OPRA.

(F) A FLEX Trader may modify or cancel its FLEX SAM responses during a FLEX SAM Auction.

(d) *Conclusion of FLEX SAM Auction.* A SAM Auction concludes at the earliest to occur of the following times:

(1) the end of the FLEX SAM Auction period; and

(2) any time the Exchange halts trading in the affected series, provided, however, that in such instance the FLEX SAM Auction concludes without execution.

(e) *Execution of Agency Order.* At the conclusion of the FLEX SAM Auction, the System executes the Agency Order against the Solicited Order or FLEX SAM responses at the best price(s) as follows.

(1) *Execution Against Solicited Order.* The System executes the Agency Order against the Solicited Order at the stop price if there are no Priority Customer FLEX SAM responses and the aggregate size of FLEX SAM responses at an improved price(s) is insufficient to satisfy the Agency Order.

(2) *Execution Against FLEX SAM Responses.* The System executes the Agency Order against FLEX SAM responses if (A) there is a Priority Customer FLEX SAM response and the aggregate size of that response and all other FLEX SAM responses is sufficient to satisfy the Agency Order or (B) the aggregate size of FLEX SAM responses at an improved price(s) is sufficient to satisfy the Agency Order. The Agency Order executes against FLEX SAM responses at each price level, to the price at which the balance of the Agency Order can be fully executed, in the following order:

(A) Priority Customer FLEX SAM responses (in time priority); and

(B) All other FLEX SAM responses on a pro-rata basis pursuant to Rule 5.32(a)(1)(B).

(3) *No Execution.* The System cancels the Agency Order and Solicited Order with no execution if there is a Priority Customer FLEX SAM response and the aggregate size of that response and other FLEX SAM responses is insufficient to satisfy the Agency Order.

(4) *Unexecuted SAM Responses.* The System cancels or rejects any unexecuted FLEX SAM responses (or unexecuted portions) at the conclusion of a FLEX SAM Auction.

Interpretations and Policies

.01 Prior to entering Agency Orders into a FLEX SAM Auction on behalf of customers, Initiating FLEX Traders must deliver to the customer a written notification informing the customer that his order may be executed using the FLEX SAM Auction. The written notification must disclose the terms and conditions contained in this Rule 5.74 and be in a form approved by the Exchange.

.02 Under this Rule 5.74, Initiating FLEX Traders may enter contra-side orders that are solicited. FLEX SAM provides a facility for FLEX Traders that locate liquidity for their customer orders. FLEX Traders may not use the FLEX SAM Auction to circumvent Rule 5.9 or 5.73 limiting principal transactions. This may include, but is not limited to, FLEX Traders entering contra-side orders that are solicited from (a) affiliated broker-dealers or (b) broker-dealers with which the FLEX Trader has an arrangement that allows the FLEX Traders to realize similar economic benefits from the solicited transaction as it would achieve by executing the customer order in whole or in part as principal.

.03 A FLEX Official may nullify a transaction following a FLEX SAM Auction pursuant to Rule 5.75(b).

[Effective October 7, 2019 (SR-CBOE-2019-093)]

Rule 5.75. FLEX Official

(a) *Designation.* A "FLEX Official" is an Exchange employee or independent contractor designated to act in that capacity in one more or FLEX Option classes and perform the functions set forth in paragraph (b). The Exchange may at any time designate an Exchange employee or independent contractor to act as a FLEX Official in one or more FLEX Options.

(1) The Exchange may also designate other Exchange employees or independent contractors to assist a FLEX Official if the need arises.

(2) A FLEX Official and any designated assistant may not be affiliated with any Market-Maker (including a FLEX Market-Maker).

(3) A FLEX Official and any designated assistant may only be compensated by the Exchange (which determines the form and amount of compensation). No Market-Maker (including a FLEX Market-Maker) may directly or indirectly compensate or provide any other form of consideration to a FLEX Official or any designated assistant.

(b) *Responsibilities.* A FLEX Official has the following responsibilities:

(1) call upon a FLEX Market-Maker with an appointment in a FLEX Option class to respond to open outcry FLEX Auctions in that FLEX Option class when no other ICMPs respond, if in the opinion of the FLEX Official a response from the Market-Market is in the interests of a fair, orderly, and competitive market;

(2) review the conformity of open outcry FLEX Auctions with the terms of Rules 4.21, 4.22, 5.3(e)(3), 5.4(c)(4), and 5.72(b) and (d); and

(3) nullify a FLEX Option transaction if the FLEX Official determines the transaction did not conform to the terms of Rules 4.21, 4.22, 5.3, or 5.4 or the priority principles set forth in Rule 5.72(b) and (d). Trades may be adjusted or nullified pursuant to Rule 6.5.

[Effective October 7, 2019 (SR-CBOE-2019-084)]

SECTION G. MANUAL ORDER HANDLING AND OPEN OUTCRY TRADING

Rule 5.80. Admission to and Conduct on the Trading Floor

(a) *Admission to Trading Floor.* Unless otherwise provided in the Rules, only a Trading Permit Holder or PAR Official may effect a transaction on the Exchange's trading floor. Admission to the trading floor is limited to Trading Permit Holders, Exchange employees, clerks employed by Trading Permit Holders and registered with the Exchange, service personnel, Exchange visitors that receive authorized admission to the trading floor pursuant to Exchange policy, and any other persons that the President (or his or her designee) authorizes admission to the trading floor.

(b) *Conduct on the Exchange's Premises.*

(1) Trading Permit Holders and persons employed by or associated with any Trading Permit Holder, while on any premises of the Exchange, including the trading floor of the Exchange, may not engage in conduct:

(A) inconsistent with the maintenance of a fair and orderly market;

(B) apt to impair public confidence in the operations of the Exchange;

(C) inconsistent with the ordinary and efficient conduct of business; or

(D) detrimental to the safety or welfare of any other person.

(2) Activities that may violate the provisions of this paragraph (b) include, but are not limited to:

(A) effecting or attempting to effect a transaction with no public outcry in violation of Rule 5.87;

(B) failure of a Market-Maker to bid or offer within bid/ask differential requirements or the firm quote requirements in Rule 5.52;

(C) failure of a Trading Permit Holder or an associated person of a Trading Permit Holder in a supervisory capacity to adequately supervise a person employed by or associated with the Trading Permit Holder to ensure that person's compliance with the provisions of paragraphs (a) through (d) of this Rule;

(D) failure to abide by Floor Official determinations; and

(E) refusal to provide information a Floor Official requests in his or her official capacity.

(c) *Fines Imposed by Floor Officials.* The Exchange may periodically issue fine schedules setting forth which violations of the Exchange's trading conduct and decorum policies are subject to fines pursuant to Rule 13.15 and the specific dollar amounts of those fines.

(1) Floor Officials may:

(A) fine Trading Permit Holders and persons employed by or associated with Trading Permit Holders pursuant to Rule 13.15 for trading conduct and decorum violations which are subject to fine under such fine schedules;

(B) direct Trading Permit Holders and persons employed by or associated with Trading Permit Holders to act or cease to act in a manner to ensure compliance with the Rules and accepted and established standards of trading conduct and decorum; or

(C) refer violations of the foregoing for disciplinary action pursuant to Chapter 3 of the Rules.

(2) Two Floor Officials in consultation with a senior-level designee of the Exchange, may also summarily exclude a Trading Permit Holder or person associated with a Trading Permit Holder from the Exchange premises for no longer than the remainder of the trading day for any violation of the Exchange's trading conduct and decorum policies that is classified as a Class A offense, except for those Class A offenses the Exchange specifies as not qualifying the offender for summary exclusion.

(A) If Floor Officials summarily exclude a Trading Permit Holder or person associated with a Trading Permit Holder from the trading floor pursuant to this subparagraph (2), the Trading Permit Holder or associated person may request reinstatement from Floor Officials after a sufficient "cooling-off" period has elapsed.

(B) If, in the judgment of two Floor Officials, the Trading Permit Holder or associated person no longer poses an immediate threat to the safety of persons or property, the Floor Officials may permit the Trading Permit Holder or associated person to return to the trading floor.

(3) At least two Floor Officials must agree to (A) any application or interpretation of the Rules and (B) any decision to impose a fine under, this paragraph (c).

(4) Floor Officials must file with the Exchange a written report of any action taken pursuant to any authority the Rules grant to them, and any interpretation of the Rules.

(d) *Clerks of Trading Permit Holders.*

(1) While on the trading floor, clerks must display at all times the badge(s) the Exchange provides to them.

(2) Any Market-Maker clerk who writes up an option or stock order must give his or her employer a copy of that order before it is delivered, and the employer must retain the copy on his or her person until it is executed.

(3) A clerk receiving a phone order must initial, mark as opening or closing, and time-stamp the order.

(4) A clerk must remain at a booth assigned to his employer or assigned to his employer's clearing firm unless he or she is:

(1) entering or leaving the trading floor;

(2) transmitting or checking the status of an order or reporting a fill;

(3) standing in the same trading crowd as his employer (who is a Market-Maker or Floor Broker); or

(4) supervising his firm's clerks if he is a floor manager; or

(5) acting as a clerk for an order service firm.

(5) Only order service firm clerks and Market-Maker or Floor-Broker clerks may stand in or near a trading crowd (as long as the Market-Maker or Floor Broker is present in the same trading crowd).

(e) *Authority to Transact on the Trading Floor.* Only those Trading Permit Holders the Exchange has approved to perform a trading floor function (including Floor Brokers and Market-Makers) may enter into transactions on the trading floor. While on the trading floor, these Trading Permit Holders must display at all times the badge(s) the Exchange provides to them.

(f) *Trading Nullification by Floor Officials.* Two Floor Officials may nullify a transaction or adjust its terms if they determine the transaction violated Rule 5.3, 5.52, or 5.85. Trades may be adjusted or nullified pursuant to Rule 6.5.

Interpretations and Policies

.01 Any action taken by Floor Officials pursuant to this Rule 5.80, including imposition of a fine pursuant to paragraph (c), does not preclude additional disciplinary action under Chapter 13 of the Rules.

[Effective October 7, 2019 (SR-CBOE-2019-042)]

Rule 5.81. Equipment and Communications on the Trading Floor

(a) Subject to the requirements of this Rule, Trading Permit Holders may use any communication device (e.g., any hardware or software related to a phone, system, or other device, including an instant messaging system, e-mail system, or similar device) on the trading floor and in any trading crowd of the Exchange. Prior to using a communications device for business purposes on the trading floor of the Exchange, Trading Permit Holders must register the communications device by identifying (in a form and manner prescribed by the Exchange) the hardware (i.e., headset, cellular telephone, tablet, or other similar hardware).

(b) The Exchange may deny, limit, or revoke the use of any communication device whenever it determines that use of the communication device:

(1) interferes with the normal operation of the Exchange's own systems or facilities or with the Exchange's regulatory duties;

(2) is inconsistent with the public interest, the protection of investors, or just and equitable principles of trade; or

(3) interferes with the obligations of a Trading Permit Holder to fulfill its duties under, or is used to facilitate any violation of, the Exchange Act and the Rules.

(c) Any communication device may be used on the trading floor and in any trading crowd of the Exchange to receive orders, provided that audit trail and record retention requirements of the Exchange are met. However, no person in a trading crowd or on the trading floor of the Exchange may use any communication device for the purpose of recording activities in the trading crowd or maintaining an open line of continuous communication whereby a non-associated person not located in the trading crowd may continuously monitor the activities in the trading crowd. This prohibition covers digital recorders, intercoms, walkie-talkies, and any similar devices.

(d) After providing notice to an affected Trading Permit Holder and complying with applicable laws, the Exchange may provide for the recording of any telephone line on the trading floor of the Exchange or may require Trading Permit Holders at any time to provide for the recording of a fixed phone line on the floor of the Exchange. Trading Permit Holders and their clerks using the telephones consent to the Exchange recording any telephone or line.

(e) Trading Permit Holders may not use communication devices to disseminate quotes and/or last sale reports originating on the trading floor of the Exchange in any manner that would serve to provide a continuous or running state of the market for any particular series or class of options over any period of time, except:

(1) an associated person of a Trading Permit Holder on the trading floor of the Exchange may use a communication device to communicate quotes that have been disseminated pursuant to Rule 5.3 and/or last sale reports to other associated persons of the same Trading Permit Holder business unit; and

(2) an associated person of a Trading Permit Holder may also use a communications device to communicate an occasional, specific quote that has been disseminated pursuant to Rule 5.3

or last sale report to a person who is not an associated person of the same Trading Permit Holder.

(f) Use of any communications device for order routing or handling must comply with all applicable laws, rules, policies, and procedures of the Commission and the Exchange, including those related to record retention and audit trail requirements. Orders must be systemized using Exchange systems or proprietary systems approved by the Exchange in accordance with Rule 5.7(f).

(g) Trading Permit Holders must maintain records of the use of communication devices, including, but not limited to, (1) logs of calls placed, (2) emails, and (3) chats, for a period of not less than three years, the first two years in an easily accessible place. The Exchange reserves the right to inspect such records pursuant to Rule 13.2.

(h) The Exchange may designate specific communication devices that are not be permitted on the trading floor or in the trading crowds of the Exchange or. In addition, the Exchange may designate other operational requirements regarding the installation of any communication devices.

Interpretations and Policies

.01 The Exchange reserves the right to designate certain portions of this Rule (except for the registration requirement in paragraph (a), paragraph (f), or paragraph (g) of this Rule) as not applicable to certain classes on a class-by-class basis.

[Effective October 7, 2019 (SR-CBOE-2019-042)]

Rule 5.82. Public Automated Routing System (PAR)

(a) *PAR Workstation.* A PAR workstation is an Exchange-provided order management tool for use on the Exchange's trading floor by Trading Permit Holders and PAR Officials to manually handle orders pursuant to the Rules and facilitate open outcry trading.

(b) *Order Routing.* An eligible order designated as Direct to PAR, or designated as Default that cannot be electronically processed pursuant to Chapter 5, Section C of the Rules, routes to PAR, subject to the User's instructions.

(c) *Manual Handling of Order.* After an order routes to PAR pursuant to Rule 5.8 or as otherwise provided in the Rules, the Trading Permit Holder or PAR Official, as applicable, processes the order in accordance with the User's instructions (including the User's established manual or automatic settings). Once on a PAR workstation, the TPH or PAR Official may:

(1) submit the order (or a portion of the order) into the System for electronic processing if eligible for electronic processing (including for execution against orders and quotes resting in the Book and for participation in a COA pursuant to Rule 5.33(d));

(2) execute the order (or a portion of the order) in open outcry on the Exchange's trading floor (including against Priority Customer orders and other order interest resting in the Book at the best price, against other orders on PAR, and with other TPHs or PAR Officials in accordance with Rules 5.85, 5.87, and 5.90);

(3) route the order to an away exchange in accordance with Rules 5.36 and 5.66 (if eligible for routing);

(4) route the order to another PAR workstation; or

(5) cancel the order (including upon receipt of a cancel request or subject to the User's instructions).

[Effective October 7, 2019 (SR-CBOE-2019-042)]

Rule 5.83. Availability of Orders

(a) *Simple Orders.* Pursuant to Rule 5.6(a), the Exchange may make order types, Order Instructions, and Times-in-Force available on a class basis for PAR routing for manual handling (and open outcry trading). The Exchange may make the following order types, Order Instructions, and Times-in-Force available for PAR routing for manual handling (and open outcry trading):

(1) *Order Types*: limit order and market order.

(2) *Order Instructions*: AON, Attributable, Compression/PCC, Minimum Quantity, MTP Modifier, Non-Attributable, Not Held, Penny Cabinet, RTH Only, and Sub-Penny Cabinet.

(3) *Times-in-Force*: Day and GTC.

(b) *Complex Orders.* The Exchange may make complex orders, including security future-option orders, and stock-option orders available for PAR routing for manual handling. Other than Index Combo orders, which may be submitted for electronic and open outcry handling, a complex order with a ratio less than one-to-three (.333) or greater than three-to-one (3.00) may only be submitted for manual handling and open outcry trading. The Exchange may make the follow complex order types available for PAR routing for manual handling (and open outcry trading):

(1) *Order Types*: limit order and market order.

(2) *Order Instructions*: AON, Attributable, Complex Only, Compression/PCC, Index Combo, MTP Modifier, Multi-Class Spread, Non-Attributable, Not Held, RFC, RTH Only, SPX Combo, and stock-option order.

(3) *Times-in-Force*: Day and GTC.

[Effective October 7, 2019 (SR-CBOE-2019-042), (SR-CBOE-2019-058), (SR-CBOE-2019-060); amended December 19, 2019 (SR-CBOE-2019-118); amended December 19, 2019 (SR-CBOE-2019-126); amended September 4, 2020 (SR-CBOE-2020-060); amended October 14, 2020 (SR-CBOE-2020-074)]

Rule 5.84. Opening of Open Outcry Trading

Open outcry trading on the Exchange's trading floor may begin in a series after it opens for electronic trading pursuant to Rule 5.31.

[Effective October 7, 2019 (SR-CBOE-2019-042)]

Rule 5.85. Order and Quote Allocation, Priority, and Execution

(a) *General Allocation and Priority.* If a Floor Broker or PAR Official represents an order to a trading crowd on the Exchange's trading floor, it executes against bids and offers from other ICMPs, including on-floor Market-Makers, as follows:

(1) *Best Price.* Bids and offers with the highest bid and lowest offer have priority.

(2) *Bids and Offers at Same Price.* If there are two or more bids (offers) at the same price:

(A) *Priority Customer Orders in the Book.* Priority Customer orders in the Book have first priority. If there are two or more Priority Customer orders in the Book at the same price, the System prioritizes them in the order in which the System received them (*i.e.*, in time priority).

(B) *Participation Entitlement.* If the Exchange applies the DPM or LMM participation entitlement to a class, the DPM or LMM appointed to the class, as applicable, has second priority. If the DPM or LMM, as applicable, has a quote at the highest bid or lowest offer, it receives the greater of (i) the number of contracts it would receive pursuant to subparagraph (C) below and (ii) 50% of the contracts if there is one other ICMP quote, 40% of the contracts if there are two ICMP quotes, or 30% of the contracts if there are three or more ICMP quotes at that price.

(i) The DPM or LMM, as applicable, may not be allocated a total quantity of contracts greater than the quantity that it quoted at the best price.

(ii) The participation entitlement is based on the number of non-Priority Customer contracts remaining after the order executes against any Priority Customer orders in the Book.

(iii) If the Exchange appoints both an On-Floor LMM or DPM and Off-Floor DPM or LMM to a class, the On-Floor LMM or DPM, as applicable, may receive a participation entitlement with respect to orders represented in open outcry but not for orders executed electronically, and an Off-Floor DPM or LMM, as applicable, may receive a participation entitlement with respect to orders executed electronically but not orders represented in open outcry.

(C) *ICMP Bids and Offers.* In-crowd market participant bids and offers made at the time the market is established have third priority. The Floor Broker, PAR Official, DPM, LMM, or Market-Maker, as applicable, determines which in-crowd market participants responded at the time the market was established and the sequence in which in-crowd market participants made bids (offers).

(i) If there are two or more bids (offers) at the same price, they are prioritized in the sequence in which they are made (*i.e.*, in time priority).

(ii) If the bids (offers) were made at the same time, or if the Floor Broker, PAR Official, DPM, LMM, or Market-Maker, as applicable, cannot reasonably determine the sequence in which the bids (offers) were made, then the order is allocated equally among these bids (offers).

(iii) If the Floor Broker, PAR Official, DPM, LMM, or Market-Maker, as applicable, cannot reasonably determine the sequence in which the bids (offers) were made beyond a certain number of in-crowd market participants, then the remaining contracts are allocated equally among the bids (offers) for which the sequence could not be determined.

(iv) If an in-crowd market participant declines to accept any portion of the available contracts when the Floor Broker, PAR Official, DPM, LMM or Market-Maker, as applicable, determines the allocation of an order, those contracts are allocated equally among the other bids (offers).

(v) If any contracts remain in an order after giving effect to subparagraphs (i) through (iv) above and the remainder is not cancelled, and in-crowd market participants subsequently make bids (offers) in a reasonably prompt manner, then the remainder of the order is apportioned equally between the in-crowd market participants who bid (offered) the best price.

(D) *Orders and Quotes in the Book.* Broker-dealer orders and quotes in the Book have fourth priority. If there are two or more broker-dealer orders or quotes in the Book at the same price, they are prioritized pursuant to the applicable electronic allocation algorithm in Rule 5.32.

(E) *G Exemption.* Notwithstanding the priority provisions otherwise applicable pursuant to this paragraph (a), Trading Permit Holders relying on Section 11(a)(1)(G) of the Exchange Act and Rule 11a1-1(T) thereunder (the so called "G exemption rule") as an exemption must yield priority to any bid (offer) at the same price of Priority Customer orders and broker-dealer orders resting in the Book, as well as any other bid (offer) that has priority over those broker-dealer orders under this Rule.

(b) *Complex Order Priority.*

(1) A complex order (A) with any ratio equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00) or (B) that is an Index Combo 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 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).

(2) A complex order with any ratio less than one-to-three (.333) and greater than three-to-one (3.00) (except for an Index Combo order) may be executed in open outcry on the trading floor 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 leg of the order

betters 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).

(3) 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. A Floor Broker or PAR Official may, subject to a User's instructions, route the stock component of a stock-option order represented in open outcry to an Exchange-designated broker-dealer not affiliated with the Exchange for electronic execution at a stock trading venue selected by the Exchange-designated broker-dealer in accordance with Rule 5.11.

(c) *Split-Price Priority.* If a sell (buy) order or quote offer (bid) for any number of contracts of a series is represented to the trading crowd, a Trading Permit Holder that buys (sells) one or more contracts of that order or quote at one price has priority over all other orders and quotes, except Priority Customer orders resting in the Book, to buy (sell) up to the same number of contracts of those remaining from the same order or quote at the next lower (higher) price.

(1) *Orders or Quotes of 100 or More Contracts*. If a sell (buy) order or quote offer (bid) of 100 or more contracts of a series is represented to the trading crowd, a Trading Permit Holder that buys (sells) 50 or more of the contracts of that order or quote at one price will have priority over all other orders and quotes to buy (sell) up to the same number of contracts of those remaining from the same order or quote at the next lower (higher) price.

(2) *Two or More Trading Permit Holders Entitled to Priority.* If the bids or offers of two or more Trading Permit Holders are both entitled to split-price priority, it will be afforded to the extent practicable on a pro-rata basis.

(3) *Conditions.* Split-price priority is subject to the following:

(A) The priority does not apply to complex orders.

(B) The Trading Permit Holder must make its bid (offer) at the next lower (higher) price for the second (or later) transaction at the same time as the first bid (offer) or promptly following execution of the first (or earlier) transaction.

(C) The second (or later) purchase (sale) must represent the opposite side of a transaction with the same order or offer (bid) as the first (or earlier) purchase (sale).

(4) *Minimum Increment Width with Priority Customer Orders Resting in the Book.* If the width of the quote for a series is the minimum increment for that series, and both the bid and offer represent Priority Customer orders resting in the Book, the Priority Customer order(s) resting in the Book on either side of the market must trade before split-price priority is available to Trading Permit Holders.

(5) *Section 11(a)(1) Exempt Broker-Dealers.* If a Floor Broker represents an order of a non-Market-Maker Trading Permit Holder broker-dealer ("Trading Permit Holder BD"), the Floor Broker must ensure that the Trading Permit Holder BD qualifies for an exemption from Section 11(a)(1) of the Exchange Act or that the transaction satisfies the requirements of

Exchange Act Rule 11a2-2(T). Otherwise, the Floor Broker must yield priority to orders for the accounts of non-Trading Permit Holders.

(d) *Multi-Class Spread Orders.* Notwithstanding any other Rules, a Multi-Class Spread Order may only execute if the following conditions are met:

(1) A Trading Permit Holder (the "representing TPH") must represent the Multi-Class Spread Order. The "primary trading station" is the trading station where the representing TPH first represents the Multi-Class Spread Order, which must be a trading station at which one of the applicable classes trades.

(2) Immediately after, or concurrent with, the representing TPH's representation of the order at the primary trading station, the representing TPH must contact the DPM or LMM, as applicable, or appropriate Exchange staff (collectively referred to herein as the "Recipient"), as applicable, at the trading station where the other applicable class trades (the "other trading station"), including the terms of the order and representing TPH's contact information. The Recipient announces the terms of the order at the other trading station and documents the terms of the order.

(3) After satisfying the conditions under subparagraphs (1) and (2) above, when a Trading Permit Holder holding a Multi-Class Spread Order and is bidding or offering in a multiple of the minimum increment on the basis of a total credit or debit for the order determines that the order may not be executed by a combination of transactions with the bids and offers either displayed in the Book or made in the trading crowds, then the order may be executed as a spread at the best net debit or credit, whether from the primary trading station or from the other trading station, so long as no leg of the order would trade at a price outside the currently displayed bids or offers in the Book for each class and at least one leg of the order would trade at a price that is better than the corresponding bid or offer in the Book for each class.

(4) The priority of bids or offers received from the primary trading station will be determined, with respect to each other, pursuant to paragraph (a) above. Bids or offers received promptly from the other trading station may participate equally with equal bids or offers from the primary trading station that were received prior to the bids or offers from the other trading station. The meaning of promptly is based on the size of the order and other relevant circumstances.

(e) *SPX Combo Orders.* An SPX Combo Order may execute as follows:

(1) When a Trading Permit Holder holding an SPX Combo Order and bidding or offering in a multiple of the minimum increment on the basis of a total debit or credit for the order determines that the order may not be executed by a combination of transactions with the bids and offers displayed in the Book or made in the crowd, then the order may be executed at the best net debit or credit if:

(A) no leg of the order would trade at a price outside the currently displayed bids or offers in the trading crowd or bids or offers in the Book; and

(B) at least one leg of the order would trade at a price that is better than the corresponding bid or offer in the Book.

(2) Notwithstanding any other Rules, if an SPX Combo Order is not executed immediately, the SPX Combo Order may execute and print at the prices originally quoted for each of the component option series within two hours after the time of the original quotes.

(f) *Cash Spread Orders.* Notwithstanding Rule 5.3, if a Floor Broker receives a complex order from a customer with a total cash price for the order (the "total order price") and the total number of contracts of each leg, the Floor Broker may represent the order to the trading crowd at the total order price.

(1) ICMPs may similarly respond with total cash price bids and offers.

(2) Cash spread orders may execute against contra-side interest pursuant to paragraphs (a) and (b) above.

(3) If pricing the legs for execution would result in a difference between the total execution price and the total order price, the Floor Broker must resolve the difference in a manner that provides price improvement to the customer (*i.e.*, the Floor Broker must determine leg prices that correspond to a total purchase (sale) price that is less (greater) than the total order price).

(g) *Stock-Option Orders and Security Future-Option Orders*.

(1) *General*. A bid or offer that is identified to the Exchange trading crowd as part of a stock-option order or a security future-option order is made and accepted subject to the following conditions:

(A) at the time the stock-option order or security future-option order is announced, the Trading Permit Holder initiating the order must disclose to the crowd all legs of the order and must identify the specific market(s) on which and the price(s) at which the non-option leg(s) of the order is to be filled; and

(B) concurrent with execution of the options leg of the order, the initiating Trading Permit Holder and each Trading Permit Holder that agrees to be a contra-party on the non-option leg(s) of the order must take steps immediately to transmit the non-option leg(s) to the identified market(s) for execution.

(2) *Cancellation*. A trade representing the execution of the options leg of a stock-option order or a security future-option order may be cancelled at the request of any Trading Permit Holder that is a party to that trade only if market conditions in any of the non-Exchange market(s) prevent the execution of the non-option leg(s) at the price(s) agreed upon.

(3) *Violations*. Failure to observe the requirements set forth in subparagraphs (g)(1)(A) and (B) above is considered conduct inconsistent with just and equitable principles of trade and a violation of Rule 8.1.

(4) *PAR Routing for Execution at a Stock Trading Venue*.

(A) A Trading Permit Holder or PAR Official may route the stock component of an eligible stock-option order represented in open outcry from PAR directly to a designated broker-dealer (as defined in Rule 5.33(l)) not affiliated with the Exchange for electronic execution at a stock trading venue selected by the Exchange-designated broker-dealer (i) in accordance with the order's terms, and (ii) as a single order or as a paired matching order (including with orders transmitted from separate PAR workstations).

(B) A stock-option order where the stock component of the stock-option order is routed from PAR to an Exchange-designated broker-dealer not affiliated with the Exchange for electronic execution at a stock trading venue selected by the Exchange-designated broker-dealer must comply with the Qualified Contingent Trade Exemption of Rule 611(a) of Regulation NMS.

(C) Trading Permit Holders seeking to route the stock component of a stock-option order represented in open outcry through PAR to an Exchange-designated broker-dealer not affiliated with the Exchange for electronic execution at a stock trading venue selected by the Exchange-designated broker-dealer shall comply with Rule 5.33(l).

(h) *Cabinet Orders*. Cabinet trading is available in each series of option contracts open for trading on the Exchange, except for FLEX Option series and as provided in subparagraph (h)(1) below. Users may only execute cabinet orders on the Exchange's trading floor in open outcry pursuant to Rule 5.85(a). Cabinet orders may only execute after yielding priority to all closing cabinet orders represented by the trading crowd. Cabinet orders include:

(1) *Penny Cabinet Order*. A "Penny Cabinet" order is a limit order with a price of $0.01. Penny Cabinet orders are not available in classes with a minimum increment of $0.01.

(2) *Sub-Penny Cabinet Order*. A "Sub-Penny Cabinet" order is a limit order with a price less than $0.01 per contract. Bids and offers for opening transactions are only permitted to accommodate closing transactions. In the case of interest rate options, Sub-Penny Cabinet orders will refer to orders at a price of $1 per single call or put.

(i) *RFC Orders.*

(1) RFC orders execute against each other without representation on the trading floor if:

(A) each option leg executes at a price that complies paragraph (b) above, provided that no option leg executes at the same price as a Priority Customer Order in the Simple Book;

(B) each option leg executes at a price at or between the NBBO for the applicable series; and

(C) the execution price is better than the price of a complex order resting in the COB, unless the RFC order is a Priority Customer Order and the resting complex order is a non-Priority Customer Order, in which case the execution price may be the same as or better than the price of the resting complex order.

RFC orders may not be executed unless the above criteria are satisfied.

(2) An RFC order may only be entered in the standard increment applicable to the class pursuant to Rule 5.4(b).

(3) The execution of an RFC order must happen contemporaneously with the execution of the related futures position portion of the exchange.

(4) The transaction involving the related futures position of the exchange must comply with all applicable rules of the designated contract market on which the futures are listed for trading.

(5) Rule 5.9 (related to exposure of orders on the Exchange) does not apply to executions of RFC orders.

(j) *Compression Orders.* A Compression order executes against another Compression order (entered as a separate order) without representation on the trading floor:

(1) for a Compression order has a single leg, if it executes at a price that:

(A) is not at the same price as a Priority Customer order resting in the Book; and

(B) is at or between the NBBO.

(2) for a Compression order with multiple legs, if:

(A) each option leg executes at a price that complies with Rule 5.85(b), provided that no option leg executes at the same price as a Priority Customer Order in the Simple Book;

(B) each option leg executes at a price at or between the NBBO for the applicable series; and

(C) the execution price is better than the price of a complex order resting in the COB, unless the Compression order is a Priority Customer Order and the resting complex order is a non-Priority Customer Order, in which case the execution price may be the same as or better than the price of the resting complex order.

A Compression order may not be executed unless the above criteria are satisfied.

[Effective October 7, 2019 (SR-CBOE-2019-042), (SR-CBOE-2019-081); amended December 19, 2019 (SR-CBOE-2019-118); amended December 19, 2019 (SR-CBOE-2019-126); amended September 4, 2020 (SR-CBOE-2020-060); amended October 14, 2020 (SR-CBOE-2020-074)]

Rule 5.86. Facilitated and Solicited Transactions

A Trading Permit Holder or TPH organization representing an order respecting an option traded on the Exchange (an "original order"), including a complex order, may solicit a Trading Permit Holder or TPH organization or a public customer or broker-dealer (the "solicited person") to transact in-person or by order (a "solicited order") with the original order. In addition, whenever a Floor Broker who is aware of, but does not represent, an original order solicits one or more persons or orders in response to an original order, the persons solicited and any resulting orders are solicited persons or solicited orders subject to this Rule. Original orders and solicited orders are subject to the following conditions.

(a) *Disclosed original order and matching solicited order that improves the market.* If the terms and conditions of the original order are disclosed to the trading crowd prior to the solicitation and the original order is continuously represented in the crowd throughout the solicitation process without any change in the terms and conditions of the order, and if the solicited person or the solicited order matches the original order's limit and improves the best bid or offer in the trading crowd, then the solicited person or the solicited order will have priority over non-solicited Market-Makers and Floor Brokers representing non-solicited discretionary orders in the trading crowd and may trade with the original order at the improved bid or offered price subject to Book priorities set forth in Rule 5.85.

(b) *Disclosed original order that is later modified to meet a solicited order improving the market.* If the terms and conditions of the original order are disclosed to the trading crowd prior to the solicitation and the original order is continuously represented in the crowd throughout the solicitation process, and if the solicited person or the solicited order improves the best bid or offer in the crowd but does not match the original order's limit, and if thereafter the original order is modified to match the solicited order's bid or offer, then the following principles apply:

> (1) prior to executing the modified original order with the solicited person or solicited order or crossing the modified original order with the solicited order, the Trading Permit Holder initiating the original order must announce to the trading crowd all the terms and conditions of the original order as modified, and
>
> (2) bids or offers thereafter made in the trading crowd will have priority pursuant to Rule 5.85 and may trade with the original order as modified, in the sequence in which they are made.

(c) *Disclosed original order that is later modified to meet a solicited order not improving the market.* If all the terms and conditions of the original order are disclosed to the trading crowd prior to the solicitation and the original order is continuously represented in the crowd throughout the solicitation process, and if the solicited person or the solicited order's bid or offer matches but does not improve the best bid or offer in the trading crowd and does not meet the original order's limit, and if thereafter the original order is modified to match the best bid or offer, then non-solicited Market-Makers and Floor Brokers with non- solicited discretionary orders in the trading crowd will have priority over the solicited person or the solicited order and may trade with the modified original order at the best bid or offered price subject to Book priorities set forth in Rule 5.85.

(d) *Undisclosed original order.* If the terms and conditions of the original order are not disclosed to the trading crowd prior to the solicitation, then, prior to crossing the original order with the solicited

order or executing the original order with the solicited person or his agent, the Trading Permit Holder initiating the original order or his agent must disclose all the terms and conditions of the original order to the trading crowd. Non-solicited Market-Makers and Floor Brokers holding non-solicited discretionary orders in the trading crowd will have priority over the solicited person or the solicited order to trade with the original order at the best bid or offered price subject to Book priorities set forth in Rule 5.85.

(e) *Trading based on knowledge of imminent undisclosed solicited transaction.* It will be considered conduct inconsistent with just and equitable principles of trade and a violation of Rule 8.1 for any Trading Permit Holder or person associated with a Trading Permit Holder, who has knowledge of all material terms and conditions of an original order and a solicited order, including a facilitation order, that matches the original order's limit, the execution of which are imminent, to enter, based on such knowledge, an order to buy or sell an option of the same class as an option that is the subject of the original order, or an order to buy or sell the security underlying such class, or an order to buy or sell any related instrument until either (1) all the terms and conditions of the original order and any changes in the terms and conditions of the original order of which that Trading Permit Holder or associated person has knowledge are disclosed to the trading crowd or (2) the solicited trade can no longer reasonably be considered imminent in view of the passage of time since the solicitation. For purposes of this paragraph (e), an order to buy or sell a "related instrument," means, in reference to an index option, an order to buy or sell securities comprising ten percent or more of the component securities in the index or an order to buy or sell a futures contract on any economically equivalent index. For example, with respect to an SPX option, an OEX option is a related instrument, and vice versa.

Interpretations and Policies

.01 This Rule applies to all solicited orders, including, but not limited to, facilitation orders and orders resulting from solicitations of Public Customers, non-Trading Permit Holder broker-dealers, Trading Permit Holders and TPH organizations, and Market-Makers.

.02 A Trading Permit Holder initiating an original order is not required to announce to the trading crowd that another person has been solicited to participate in the order. The initiating Trading Permit Holder, however, must disclose to the trading crowd all the terms and conditions of the original order, and any modifications, as prescribed in this Rule 5.86.

.03 In respect of any solicited order that is a complex order, the terms "bid" and "offer" as used in paragraphs (a) through (d) of this Rule 5.86 mean "total net debit" and "total net credit," respectively.

.04 Except as provided in paragraph (a) of this Rule 5.86, the procedures set forth in Rule 5.87 govern the crossing of original orders with facilitation orders or solicited orders as determined by the Exchange pursuant to Rule 5.87(f).

.05 The provisions of Rule 5.85 govern the priority of bids and offers, including the priority of a bid or an offer in relation to an original order on the same side of the market. For example, an original order to buy an option contract will take priority over other bids at the same price only as provided in Rule 5.85.

.06 Disclosing all the terms of the original order and any changes in the terms and conditions of the original order to the crowd prior to effecting a trade does not provide a safe harbor from possible violations of front-running prohibitions. Front-running is considered to be a violation of Rule 8.1.

.07 The phrase "terms and conditions," as used in this Rule with respect to an order that is subject to facilitation, refers to class; series; volume; option price; any contingencies; and any components related to the order (*e.g.*, stock, options, futures or other related instruments or interests). However, the class will be deemed to be disclosed to the trading crowd if it is apparent that the crowd is aware of which class is being traded, (e.g., if the pit in which the transaction occurs is designated for one option class only, or if the class is the only one in the trading post trading at the disclosed strike price, then it would be apparent which option class is being traded).

[Effective October 7, 2019 (SR-CBOE-2019-042)]

Rule 5.87. Crossing Orders

(a) The rules of priority and order allocation procedures set forth in this Rule apply only to crossing orders in open outcry on the Exchange's trading floor. For purposes of establishing priority for bids and offers, at the same price: (1) bids and offers of ICMPs have first priority, except as is otherwise provided in this Rule with respect to Priority Customer orders resting in the Book; and (2) all other bids and offers (including orders and quotes resting in the Book) have second priority.

(b) In order to transact proprietary orders on the Exchange's trading floor pursuant to this Rule, Trading Permit Holders must ensure that they qualify for an exemption from Section 11(a)(1) of the Exchange Act.

(1) Notwithstanding the priority provisions otherwise applicable under this Rule, Trading Permit Holders relying on Section 11(a)(1)(G) of the Exchange Act and Rule 11a1-1(T) thereunder (the "G" exemption) as an exemption must yield priority to any bid or offer at the same price of Priority Customer orders and broker-dealer orders resting in the Book, as well as any other bids and offers that have priority over such broker-dealer orders under this Rule.

(2) In the event a Floor Broker that is asserting a crossing participation entitlement for its proprietary order pursuant to paragraph (f) below must yield priority in reliance on the "G" exemption and a DPM or LMM, as applicable, is asserting a participation entitlement, the Floor Broker's crossing percentage entitlement to the remaining balance of the original order, when combined with the DPM or LMM, as applicable, participation entitlement, may not exceed 40% of the order. However, provided the "G" exemption requirements are satisfied, nothing prohibits a Floor Broker or DPM or LMM, as applicable, from trading more than its applicable participation entitlement if other ICMPs do not chose to trade the remaining portion of the order.

(3) For purposes of this Rule, the term "proprietary order" means an order for a Trading Permit Holder's own account, the account of an associated person, or an account with respect to which it or an associated person thereof exercises investment discretion.

(c) A Floor Broker who holds orders to buy and sell the same option series may cross such orders, provided that he proceeds in the following manner:

(1) In accordance with his responsibilities for due diligence, a Floor Broker must request bids and offers for such option series and make all ICMPs aware of his request.

(2) After providing an opportunity for such bids and offers to be made, he must:

(A) bid above the highest bid in the market and give a corresponding offer at the same price or at prices differing by the minimum increment; or

(B) offer below the lowest offer in the market and give a corresponding bid at the same price or at prices differing by the minimum increment.

(3) If such higher bid or lower offer is not taken, he may cross the orders at such higher bid or lower offer by announcing by public outcry that he is crossing and giving the quantity and price.

(d) A Floor Broker who holds an order for a Public Customer of a TPH organization and a facilitation order may cross such orders provided that he proceeds in the following manner:

(1) The TPH organization must disclose on its order ticket for the Public Customer order which is subject to facilitation, all of the terms of such order, including any contingency involving, and all related transactions in, either options or underlying or related securities.

(2) In accordance with his responsibilities for due diligence, the Floor Broker discloses all securities which are components of the public customer order which is subject to facilitation and then requests bids and offers for the execution of all components of the order.

(3) After providing an opportunity for such bids and offers to be made, the Floor Broker must, on behalf of the Public Customer whose order is subject to facilitation, either bid above the highest bid in the market or offer below the lowest offer in the market, identify the order as being subject to facilitation, and disclose all terms and conditions of such order. After all other ICMPs are given an opportunity to accept the bid or offer made on behalf of the Public Customer whose order is subject to facilitation, the Floor Broker may cross all or any remaining part of such order and the facilitation order at such customer's bid or offer by announcing in open outcry that he is crossing and by stating the quantity and price(s). Once such bid or offer has been made, the Public Customer order which is subject to facilitation has precedence over any other bid or offer in the crowd to trade immediately with the facilitation order.

(e) During the opening rotation for a class of option contracts in the interests of achieving a single price opening, an exception may be made to the requirements of subparagraphs (c)(1) and (2) above, and the Floor Brokers may proceed as follows:

(1) a Floor Broker may match all market orders in his possession in which no Trading Permit Holder or non-Trading Permit Holder broker/dealer has an interest;

(2) the Floor Broker shall then announce by public outcry the number of contracts that he has matched and will cross at the opening price to be established; and

(3) the Floor Broker may then continue to bid or offer the remaining unmatched and unexecuted orders he has in his possession for execution during the opening rotation.

(f) Notwithstanding the provisions of paragraphs (c) and (d) above, when a Floor Broker holds an option order for the eligible order size or greater ("original order"), the Floor Broker is entitled to cross a certain percentage of the order with other orders that he is holding or in the case of a Public Customer order with a facilitation order of the originating firm (*i.e.*, the firm from which the original customer order originated). The Exchange may determine on a class-by- class basis to include solicited orders within the provisions of this paragraph. In addition, the Exchange may determine on a class-by-class basis the eligible size for an order that may be transacted pursuant to this paragraph; however, the eligible order size may not be less than 50 standard option contracts (or 500 mini-option contracts). In accordance with his responsibilities for due diligence, a Floor Broker representing an order of the eligible order size or greater that he wishes to cross must request bids and offers for such option series and make all persons in the trading crowd, including the PAR Official, aware of his request.

(1) Once the trading crowd has provided a quote, it will remain in effect until: (A) a reasonable amount of time has passed, (B) there is a significant change in the price of the underlying security or index, as applicable, or (C) the market given in response to the request has been improved. (In the case of a dispute, the term "significant change" will be interpreted on a case-by-case basis by two Floor Officials based upon the extent of the recent trading in the option and in the underlying security, and any other relevant factors.)

(2) The percentage of the order which a Floor Broker is entitled to cross, after all Public Customer orders that were (A) on the limit order book and then (B) represented in the trading crowd at the time the market was established have been satisfied, is either 20% or 40% (as determined by the Exchange on a class-by-class basis) of the remaining contracts in the order if the order is traded at or between the best bid or offer given by the crowd in response to the Floor Broker's initial request for a market.

(3) In determining whether an order satisfies the eligible order size requirement, any multi-part or complex order must contain one leg alone which is for the eligible order size or greater. If the same TPH organization is the originating firm and also the DPM or LMM for the particular class of options to which the order relates, then the DPM or LMM is not entitled to any of the DPM or LMM participation entitlement with respect to the particular cross transaction.

(4) When facilitating a customer order pursuant to paragraph (d) of this Rule, a TPH organization must disclose on its order ticket for the public customer order which is subject to facilitation, all of the terms of such order, including any contingency involving, and all related transactions in, either options or underlying or related securities. The Floor Broker must disclose all securities that are components of the Public Customer order which is subject to facilitation before requesting bids and offers for the execution of all components of the order.

(5) If a trade pursuant to this paragraph occurs at the On-Floor DPM's or On-Floor LMM's principal bid or offer in its appointed class, then the On-Floor DPM's or On-Floor LMM's

participation entitlement (which is established pursuant to Rule 5.85) applies only to the number of contracts remaining after all those Public Customer orders that trade ahead of the cross transaction and the number of contracts crossed, each as described in subparagraph (f)(2) above, have been satisfied.

(A) The On-Floor DPM's or On-Floor LMM's participation entitlement is a percentage that, when combined with the percentage the originating firm crossed, may not exceed 40% of the order.

(B) If the trade occurs at a price other than the On-Floor DPM's or On-Floor LMM's principal bid or offer, the On-Floor DPM or On-Floor LMM receives no participation entitlement.

(6) The ICMPs who established the market will have priority over all other orders that were not represented in the trading crowd at the time that the market was established (but not over Priority Customer orders on the Book) and will maintain priority over such orders except orders that improve upon the market.

(A) A Floor Broker who is holding a customer order and either a facilitation or solicited order, and who makes a request for a market will be deemed to be representing both the customer order and either the facilitation order or solicited order, as applicable, so that the customer order and the other order will also have priority over all other orders that were not being represented in the trading crowd at the time the market was established.

(B) Priority to trade the remaining portion of the order shall be afforded to bids (offers) made by ICMPs in the sequence in which they are made. If bids (offers) were made at the same time, or in the event that the sequence cannot be reasonably determined, priority shall be apportioned equally among the ICMPs who established the market.

(C) In the event an ICMP declines to accept any portion of the available contracts, any remaining contracts shall be apportioned equally among the other ICMPs who established the market until all contracts have been apportioned.

(7) Nothing in this paragraph is intended to prohibit a Floor Broker, an On-Floor DPM, or an On-Floor LMM from trading more than his or her percentage entitlement if the other ICMPs do not choose to trade the remaining portion of the order.

(8) The Exchange may exempt a particular option class from the application of this paragraph.

Interpretations and Policies

.01 When accepting a bid or offer made on behalf of a Public Customer, all contingencies of the Public Customer order must be satisfied.

.02 A complex order or an inter-regulatory spread on opposite sides of the market may be crossed, provided that the Floor Broker holding such orders proceeds in the manner described in paragraphs

(c), (d), or (f) of this Rule. Trading Permit Holders may not prevent such a cross from being completed by giving a competing bid or offer for one component of such order.

.03 Where a related order must be effected in another market, the Trading Permit Holder must take steps to transmit the related order(s) concurrently with the execution of the options leg(s) of the order. A trade representing the execution of the options leg of a stock-option order or a security future-option order may be cancelled at the request of any Trading Permit Holder that is a party to that trade only if market conditions in any of the non-Exchange market(s) prevent the execution of the non-option leg(s) at the price(s) agreed upon.

.04 Where a Floor Broker has been continuously representing a limit order to buy or sell equity option contracts in a trading crowd at a limit price which is equal to the highest bid or lowest offer ("resting order"), and subsequently receives a market or marketable limit order to sell or buy that same option series, the Floor Broker may cross the resting order with the subsequent market order or marketable limit order in accordance with the requirements of paragraph (c) of this Rule, but without regard to the provision of subparagraph (c)(3) that permits a cross only if such higher bid or lower offer is not taken, in order to permit both the resting order and a subsequent market or marketable limit order to compete equally with other bids and offers in the trading crowd. The Rules pertaining to solicited orders, facilitation crosses, and the priority provisions of Rule 5.85 continue to apply.

.05 The phrase "terms and conditions," as used in this Rule with respect to an order that is subject to facilitation, refers to class; series; volume; option price; any contingencies; and any components related to the order (*e.g.*, stock, options, futures or other related instruments or interests). However, the class will be deemed to be disclosed to the trading crowd if it is apparent that the crowd is aware of which class is being traded (*e.g.*, if the pit in which the transaction occurs is designated for one option class only, or if the class is the only one in the trading post trading at the disclosed strike price, then it would be apparent which option class is being traded).

.06 Paragraph (f) of this Rule supersedes the priority provision of Rule 5.86(d) in those situations where the Floor Broker representing an eligible order determines to take advantage of the crossing provisions of paragraph (f) of this Rule. Specifically, while Rule 5.86(d) provides that non-solicited Market-Makers and Floor Brokers holding non-solicited discretionary orders in the trading crowd will have priority over the solicited person or the solicited order to trade with the original order at the best bid or offered price, paragraph (f) of this Rule provides the solicited person or order with priority over all other parties (other than certain Public Customer orders) for either 20% or 40% of the contracts remaining in the order, as determined by the Exchange, after those certain Public Customer orders have been satisfied.

.07 Rule 5.86(e) does not prohibit a Trading Permit Holder or TPH organization from buying or selling a stock, security futures or futures position following receipt of an option order, including a complex order, but prior to announcing such order to the trading crowd, provided that:

(a) the option order is in a class designated as eligible for "tied hedge" transactions (as described below) as determined by the Exchange and is within the designated tied hedge eligibility size parameters, which parameters are determined by the Exchange and may not be smaller than 500 standard option contracts (or 5,000 mini-option contracts) per order (multiple orders may not be aggregated to satisfy the size parameter);

(b) such Trading Permit Holder or TPH organization shall create an electronic record that it is engaging in a tied hedge transaction in a form and manner prescribed by the Exchange;

(c) such hedging position is:

(1) comprised of a position designated as eligible for a tied hedge transaction as determined by the Exchange and may include the same underlying stock applicable to the option order, a security future overlying the same stock applicable to the option order or, in reference to an index, ETF, or HOLDR option, a related instrument. A "related instrument" means, in reference to an index option, securities comprising ten percent or more of the component securities in the index or a futures contract on any economically equivalent index applicable to the option order. For example, with respect to SPX, OEX is an economically equivalent index, and vice versa. A "related instrument" means, in reference to an ETF or HOLDR option, a futures contract on any economically equivalent index applicable to the ETF or HOLDR underlying the option order;

(2) brought without undue delay to the trading crowd and announced concurrently with the option order;

(3) offered to the trading crowd in its entirety; and

(4) offered, at the execution price received by the Trading Permit Holder or TPH organization introducing the option, to any in-crowd market participant who has established parity or priority for the related options;

(d) the hedging position does not exceed the option order on a delta basis;

(e) all tied hedge transactions (regardless of whether the option order is a simple or complex order) are treated the same as complex orders for purposes of the Exchange's open outcry allocation and reporting procedures. Tied hedge transactions are subject to the existing NBBO trade-through requirements for options and stock, as applicable, and may qualify for various exceptions; however, when the option order is a simple order, the execution of the option leg of a tied hedge transaction does not qualify for the NBBO trade-through exception for a Complex Trade (defined in Rule 5.65(4));

(f) in-crowd market participants that participate in the option transaction must also participate in the hedging position and may not prevent the option transaction from occurring by giving a competing bid or offer for one component of such order; and

(g) prior to entering tied hedge orders on behalf of customers, the Trading Permit Holder or TPH organization must deliver to the customer a written notification informing the customer that his order may be executed using the Exchange's tied hedge procedures. The written notification must disclose the terms and conditions contained in this Interpretation and Policy and be in a form approved by the Exchange.

A combination option and hedging position offered in reliance on this Interpretation and Policy .07 is referred to as a "tied hedge" order.

[Effective October 7, 2019 (SR-CBOE-2019-042)]

Rule 5.88. Reserved

[Effective October 7, 2019 (SR-CBOE-2019-042); amended October 14, 2020 (SR-CBOE-2020-074)]

Rule 5.89. Risk-Weighted Assets ("RWA") Transactions

(a) *RWA Package.* An "RWA Package" is a set of SPX options positions with at least: 50 options series; 10 contracts per options series; and 10,000 total contracts.

(b) *RWA Transaction.* Trading Permit Holders may execute an RWA Package (an "RWA transaction") in the SPX crowd on the trading floor in accordance with paragraph (c) if:

(1) The RWA transaction is initiated for the account(s) of a Market-Maker, provided that an RWA Package consisting of SPX options from multiple Market-Maker accounts may not be in separate aggregation units or otherwise subject to information barrier or account segregation requirements;

(2) The RWA transaction results in a change in beneficial ownership (i.e., an RWA transaction between a Market-Maker and an entity unaffiliated with the Market-Maker); and

(3) The Market-Maker certifies that as of the beginning of the extended trading hours session on the trade date in which the RWA Package is received by the Exchange under paragraph (c), the Market-Maker held the positions identified in the RWA Package and that the RWA Package represents a net reduction of RWA attributed to the Market-Maker based on the positions held prior to the beginning of extended trading hours.

(c) *RWA Package Trading Procedure.*

(1) *Initial Submission.* After the opening of regular trading hours and prior to 11:00 a.m. Eastern Time, the Market-Maker (or broker) must submit the RWA Package to the Exchange in a form and manner prescribed by the Exchange. The submission must contain:

(A) a list of individual SPX options series and the size of each options series;

(B) the contact information for the individual that will represent the position on the trading floor; and

(C) if prior to submitting an RWA Package to the Exchange the Market-Maker (or broker) has received a bid or offer for the RWA Package, the proposed net debit or credit price for the RWA Package.

(2) *Notification to Crowd.* After the Exchange receives an RWA Package, the Exchange:

(A) notifies Trading Permit Holders (electronically and via trading floor loudspeaker) as soon as practicable of the identity of the individual representing the RWA Package

in the SPX trading crowd, which can be either a Market-Maker or Floor Broker, provided the individuals are available to accept bids/offers for the RWA Package;

(B) posts in an electronic format on a Trading Permit Holder-accessible website the list of individual components of the RWA Package, the proposed net price for the RWA Package (if available), and the contact information for the individual representing the RWA Package on the floor, which post will not include the identity of the Market-Maker for whom the RWA transaction is initiated (unless the Market-Maker is representing the RWA Package on the trading floor); and

(C) notifies Trading Permit Holders that the RWA Package has been posted and the time at which the two-hour request-for-quote ("RFQ") period concludes.

(3) *RFQ Peri*od. The Exchange's notification to the SPX trading crowd under subparagraph (2)(A) commences the two-hour RFQ period. Upon the conclusion of the RFQ period, the individual representing the RWA Package in the SPX trading crowd may (but is not required to) accept a bid or offer for the RWA Package. The RFQ response that represents the best bid or offer on a net debit or credit basis for the RWA Package has priority. In the event equal bids or offers are received, the first RFQ response at the best bid or offer on a net debit or credit basis for the RWA Package has priority.

(4) Report of RWA Transaction. If at the conclusion of the two-hour RFQ period, the individual representing the RWA Package accepts a bid or offer for the RWA Package, the individual representing the RWA Package in the SPX trading crowd must, prior to the close of regular trading hours, cause a report to be submitted to the Exchange in a form and manner prescribed by the Exchange, which sets forth the time of the execution of the RWA Package; the net execution price for the RWA Package; and the execution prices for the individual options series of the RWA Package.

Interpretations and Policies

.01 To the extent applicable, all other Rules of the Exchange, including Rule 5.86(e), apply to the procedure set forth in this Rule. The following Rules are either superseded by this Rule or do not apply to the above procedures: 5.3, 5.85, 5.86(a) through (d) and (f), and 5.87). There may be other Rules of the Exchange that do not, by their terms, apply to the transfer procedure set forth in this Rule.

.02 Nothing in paragraph (a) of this Rule prevents a Market-Maker from executing transactions (opening or closing) during the RFQ period in the normal operation of the Market-Maker's business.

.03 This Rule will be effective until October 2, 2020.

[Effective October 7, 2019 (SR-CBOE-2019-042)]

Rule 5.90. PAR Official Responsibilities

(a) *Designation.*

(1) A PAR Official is an Exchange employee or independent contractor whom the Exchange may designate as being responsible for operating a PAR workstation and effecting proper executions of orders placed with him or her.

(2) The PAR Official may not be affiliated with any Trading Permit Holder that is approved to act as a Market-Maker.

(b) *Obligations.* A PAR Official has following obligations:

(1) *Display Obligation.* Each PAR Official must display immediately the full price and size of any customer limit order that improves the price or increases the size of the best disseminated Cboe Options quote. For purposes of this paragraph (b), "immediately" means, under normal market conditions, as soon as practicable but no later than 30 seconds after the PAR Official receives the order ("30-second standard"). The following are exempt from the display obligation described in this subparagraph (b)(1):

(A) an order executed upon receipt;

(B) an order where the customer who placed it requests that it not be displayed, and upon receipt of the order, the PAR Official announces in public outcry the information concerning the order that would be displayed if the order were subject to being displayed;

(C) AON orders and complex orders;

(D) orders received before or during the Opening Auction Process described in Rule 5.31 are exempt from the 30-second standard, but they must be displayed promptly following conclusion of the applicable rotation; and

(E) orders for more than 100 contracts, unless the customer placing such order requests that the order be displayed.

(2) *Execution.* A PAR Official must use due diligence to execute the orders placed in the PAR Official's custody at the best prices available to him or her under the Rules.

(3) *Autobook.* A PAR Official must maintain and keep active on the PAR workstation at all times the automated limit order display facility ("Autobook") provided by the Exchange. Only senior Trade Desk personnel may determine the length of the Autobook timer for PAR Officials, and a PAR Official may deactivate Autobook only with the approval of senior Help Desk personnel.

(4) *Representation.* A PAR Official must electronically record via the PAR workstation the time at which he or she initially represents an order in the trading crowd.

(5) *Duty to Report.* When, in the opinion of a PAR Official, there is any unusual activity, transaction, or price change, or there are other unusual market conditions or circumstances that are detrimental to the maintenance of a fair and orderly market, the PAR Official must promptly report this unusual activity to a Floor Official. To the extent unusual activity is apparent only through the inspection of trade tickets, a PAR Official is not responsible for reporting this activity unless the trade tickets are brought to the PAR Official's attention.

(c) *Compensation.* A PAR Official is compensated exclusively by the Exchange, which determines the amount and form of compensation. No DPM, LMM, or Market-Maker may directly or indirectly compensate or provide any other form of consideration to a PAR Official.

(d) *Liability of Exchange for Actions of PAR Officials.* The Exchange's liability to Trading Permit Holders or persons associated with Trading Permit Holders for any loss, expense, damages, or claims arising out of any errors or omissions of a PAR Official or any persons providing assistance to a PAR Official are subject to the Rules, including the limitations set forth in Rules 1.10 and 1.13.

[Effective October 7, 2019 (SR-CBOE-2019-042)]

Rule 5.91. Floor Broker Responsibilities

(a) *General Responsibility.* A Floor Broker handling an order must use due diligence to execute the order at the best price or prices available to him or, in accordance with the Rules. Use of due diligence in handling and executing an order includes:

(1) announcing to the trading crowd a request for quotes;

(2) taking the necessary measures to ensure the proper execution of an order in accordance with firm quote obligations in Rule 5.52, including the executable quantity of a quote from the trading crowd;

(3) the immediate and continuous representation at the trading station where the applicable class trades of the following types of orders:

(A) market orders;

(B) limit orders to sell where the specified price is at or below the current offer or; and

(C) limit orders to buy where the specified price is at or above the current bid;

(4) subject to the requirement to systematize orders prior to representation pursuant to Rule 5.7(f), electronically recording the time via a PAR workstation at which the Floor Broker initially represents the order to the trading crowd; and

(5) prioritizing the Floor Broker's agency business over the Floor Broker's liquidation orders (which liquidation orders are described in paragraph (d) below).

(b) *Representation of Market-Maker Order.* Every Floor Broker who represents a Market-Maker with an order in any options class must, by public outcry at the post, indicate the identity of such Market-Maker at the request of any Trading Permit Holder.

(c) *Discretionary Transactions.*

(1) An order entrusted to a Floor Broker is considered a not held order (as set forth in the definition of a "not held" order in Rule 5.6(c)).

(2) No Floor Broker may execute or cause to be executed any order or orders on the Exchange with respect to which the Floor Broker is vested with discretion as to:

(A) the choice of the class of options to be bought or sold;

(B) the number of contracts to be bought or sold (except for FLEX Orders if the customer grants the Floor Broker this discretion in clear terms, and the Floor Broker contemporaneously prepares a time-stamped document that reflects these term, promptly sending one copy to the customer and maintaining one copy for the longer of the full term of the FLEX contract or the time required under the Exchange Act); or

(C) whether any such transaction to buy or sell.

The provisions of this subparagraph (c)(1) do not apply to any discretionary transaction executed by a Market-Maker for an account in which he or she has an interest.

(3) No Floor Broker may hold a "not held" market order to buy and a "not held" market order to sell (or orders equivalent to "not held" market orders to buy and to sell) in the same series of options for the same account or for accounts of the same beneficial owner. The Exchange may interpret the holding of these orders as providing the Floor Broker with discretion to buy or sell the options.

(d*) Liquidation or Reduction of Error Account Positions.* For a position obtained as a result of a bona fide error, a Floor Broker may reduce or liquidate a position in the Floor Broker's error account ("error account position") in accordance with this paragraph (d), but any profit or loss from the liquidation or reduction belongs to the Floor Broker ("liquidating Floor Broker").

(1) A liquidating Floor Broker may personally represent an order that will liquidate or reduce the Floor Broker's error account position ("liquidation order"). However, a liquidating Floor Broker may not cross a liquidation order with a client's order also represented by the liquidating Floor Broker, unless the client's order is displayed in the Book or announced to the trading crowd in accordance with Rule 5.87 and the liquidating Floor Broker:

(A) prior to executing the orders, informs the client of the liquidating Floor Broker's intention to execute the client's order against an order for the liquidating Floor Broker's error account and the client does not object;

(B) sends the liquidation order to an unaffiliated Floor Broker;

(C) sends the client's order to a PAR Official; and

(D) notifies the Exchange (in a form and manner determined by the Exchange) of the execution of the liquidation order.

(2) A liquidating Floor Broker executing a liquidation order in accordance with this paragraph (d) in the trading crowd where the broker acts a Floor Broker is not a violation of Rule 8.26. Additionally, the Rules generally do not prohibit a Floor Broker from entering into transactions on other exchanges for the Floor Broker's personal account in financial instruments underlying or related to the classes in the trading crowd where the broker acts as a Floor Broker.

(e) *Erroneously Executed Orders.* Orders erroneously executed (*e.g.*, executing a call order as a put or a buy order as a sell) on the Exchange must clear in the error account of the Floor Broker that executed the erroneous order, unless the erroneously executed orders are nullified pursuant to a mutual agreement under the Rules.

(1) If a Floor Broker discovers an order was erroneously executed on the Exchange:

(A) if a better price is available at the time the Floor Broker discovered the error, the Floor Broker must execute the client's order at the better price; or

(B) if a better price is not available at the time the Floor Broker discovered the error, then the Floor Broker is responsible at the price at which the client's order should have been executed, and the Floor Broker must:

(i) execute the order at the available market and give the client a "difference check"; or

(ii) execute the order out of the Floor Broker's error account and notify an Exchange Official (in a form and manner determined by the Exchange) for potential reporting of the error account transaction as late or out of sequence as necessary. If executing an order out of the Floor Broker's error account reduces or liquidates a position in the account, the Floor Broker must follow the procedures in paragraph (d) above.

(2) It is considered conduct inconsistent with just and equitable principals of trade and a violation of Rule 8.1 for a Floor Broker to give a trade acquired through an error to another Trading Permit Holder or for a Trading Permit Holder to accept a transaction that another Trading Permit Holder acquired through an error.

(f) *Lost or Misplaced Market Orders.* If a Floor Broker fails to execute a market order, the client's order is entitled to an execution on up to the size of the disseminated bid or offer at the time the order was received or at a better price if it is available at the time the error is discovered.

(1) If a better price or the price the client's order is entitled to is not available at the time the error is discovered, the Floor Broker must provide an execution in the manner described in subparagraph (e)(1) above.

(2) If the unexecuted market order is in excess of the disseminated bid or offer at the time the order was received, the Floor Broker and the client must negotiate the execution price on the additional contracts.

(g) *Legging Multi-Part Orders.* A Floor Broker may leg multi-part orders. For the purposes of this paragraph (g), multi-part orders include complex orders, stock-option orders, and futures and option orders where one of the legs is executed on the Exchange.

(1) If a Floor Broker executes a leg of a complex option order, for example, the price of the remaining leg of the order must be within the current disseminated market (*e.g.*, when a Floor Broker executes the buy side, the price of the sell side of the order must be at the disseminated offer price or lower).

(2) If a Floor Broker is unable to complete the execution of an order that the Floor Broker has legged, the Floor Broker must:

(A) offer the executed leg to the client;

(B) liquidate the leg and then offer the trade, regardless of whether it is a profit or loss, to the client;

(C) execute the remaining leg(s) of the order at the available market and give the client a "difference check"; or

(D) execute the order out of the Floor Broker's error account and notify an Exchange Official (in a form and manner determined by the Exchange) for potential reporting of the error account transaction as late or out of sequence as necessary. The Floor Broker must document the time and to whom the offer was made pursuant to subparagraph (A) or (B) above and retain this record. If executing an order out of the Floor Broker's error account reduces or liquidates a position in the Floor Broker's error account, the Floor Broker must follow the procedures in paragraph (d).

(h) *Print-Throughs*. A print-through on a limit order occurs when a trade is effected at a better price than the order's limit during the time that the order should have been represented in the trading crowd.

(1) The order that is "printed-through" is entitled to the number of contracts that trade through the order's limit up to the number of contracts specified in the order. If a print-through occurs at the opening of trading, the order is entitled to the number of contracts that print through the opening trade price.

(2) If a Floor Broker discovers an order is printed-through:

(A) if a better price is available at the time the Floor Broker discovered the print-through, the Floor Broker must execute the client's order be executed at the better price;

(B) if a better price is not available at the time the Floor Broker discovered the print-through, then the Floor Broker is responsible at the price at which the client's order should have been executed, and the Floor Broker must:

(i) execute the order at the available market and give the client a "difference check"; or

(ii) execute the order out of the Floor Broker's error account and notify an Exchange Official (in a form and manner determined by the Exchange) for potential reporting of the error account transaction as late or out of sequence as necessary. If executing an order out of the Floor Broker's error account reduces or liquidates a position in the account, the Floor Broker must follow the procedures in paragraph (d) above.

(3) Generally, the order that is "printed-through" should be given a better price if it is available at the time the Floor Broker discovers the print-through. However, under certain circumstances, such as a systems failure, where a large number of orders were not received or receipt was delayed, a Floor Broker may execute the client's order at the original limit price rather than the better price.

(i) *Stopping Orders.* A Floor Broker may not "stop" or guarantee an execution on a client's order the Floor Broker is holding from the Floor Broker's error account because doing so would be acting as a market-maker in violation of Rule 8.26.

(j) *Documentation of Errors and Recordkeeping Requirements.* A Floor Broker must document all transactions it executes for its error account, and retain this documentation in accordance with the Exchange Act and Rules 7.1 and 8.2.

[Effective October 7, 2019 (SR-CBOE-2019-042)]

Rule 5.92. Trading Space Allocations

(a) *Allocation Process.* In connection with an expansion or other physical modification of an area of a trading crowd or creation of a new trading crowd, the Exchange may allocate the available trading spaces using a random lottery process or an order in time process. Under either of the processes that it chooses to utilize, the Exchanges announces a deadline by which an individual Trading Permit Holder who would like to use the trading space can submit an indication of interest for one of the available trading spaces. Only individual Trading Permit Holders are eligible to submit an indication of interest, and the individual who would be using the trading space must be an effective Trading Permit Holder under Rule 3.11 (*i.e.*, must have a Trading Permit) at the time of the random lottery process or the order in time process. After the deadline for indications of interest has passed, the available trading spaces would be allocated through a random lottery process or an order in time process.

(b) *Space Dimensions and Parameters.* The Exchange may, in its discretion, determine the specific dimensions and parameters of each trading space in a trading crowd, provided that each Trading Permit Holder performing a specific trading function (*i.e.*, DPM, LMM, Market-Maker, or Floor

Broker) in a trading crowd be allocated the same amount of space as each other Trading Permit Holder performing the same respective trading function in that trading crowd.

[Effective October 7, 2019 (SR-CBOE-2019-042)]

Rule 5.93. SPX and VIX Trading Crowd Space Disputes

This Rule applies only to Trading Permit Holders who trade SPX and VIX options on the Exchange's trading floor, or who trade any other index option not located at a station shared with equity options as determined by the Exchange.

(a) *Crowd Space Disputes Subject to Resolution*. A Trading Permit Holder may request the assistance of the Exchange to resolve a dispute over the ability to use a trading space in an index option trading crowd where the space is currently being occupied by another Trading Permit Holder, or where the space has been abandoned or unoccupied, and more than one Trading Permit Holder now wish to trade there.

(b) *Requesting the Assistance of the Exchange.* A Trading Permit Holder requests the assistance of the Exchange in resolving a crowd space dispute by calling the Office of the Secretary of the Exchange, which promptly refers the request in writing to the Exchange designee for the trading station where the dispute has arisen (hereafter "the Space Mediator"). The Space Mediator must be an Exchange employee.

(c) *Mediation by the Space Mediator.* When the Space Mediator receives the request from the Office of the Secretary, the Space Mediator or an individual designated by the Space Mediator (hereafter "the Space Mediator's designee") attempts to mediate an amicable resolution of the dispute among the Trading Permit Holders involved. All Trading Permit Holders involved in the dispute must cooperate with the Space Mediator or the Space Mediator's designee in his or her efforts to mediate.

(d) *Temporary Resolution.* If the Space Mediator, the Space Mediator's designee, or two Floor Officials determine that the maintenance of a fair and orderly market requires an immediate temporary resolution of a crowd space dispute, the Space Mediator, the Space Mediator's designee, or two Floor Officials in consultation with the Space Mediator or the Space Mediator's designee may instruct the parties to the dispute on where to stand until the outcome of further proceedings under this Rule. This temporary resolution may be revised by the individual(s) issuing it, but is otherwise not subject to appeal.

(e) *Hearing Requests and Hearing Fee.* If the Space Mediator or the Space Mediator's designee is unable to mediate an amicable resolution of the dispute among the Trading Permit Holders involved, any of them may request a hearing in the dispute by completing and submitting a Hearing Request form to the Office of the Secretary along with the payment of a Hearing Fee. The amount of the Hearing Fee is a minimum of $1,000 per Trading Permit Holder, and may be greater under certain circumstances set forth in this subsection. The Exchange may increase the Minimum Hearing Fee periodically pursuant to Rule 2.1 in order to maintain the Minimum Hearing Fee at a level that the Exchange deems sufficient to encourage amicable resolution of crowd space disputes. Upon receipt of the Hearing Request form and Hearing Fee, the Office of the Secretary instructs the Exchange to collect the appropriate Hearing Fee from each additional party to the dispute pursuant to Rule 2.3. For any party who has previously been a party to a crowd dispute resolution hearing within the past 12

months, the Hearing Fee that party will pay for being a party to a subsequent hearing within 12 months of the last hearing will be twice the Hearing Fee that party paid for the previous hearing. After the hearing on the dispute is held and all rights of appeal are exhausted, only the prevailing party in the dispute may obtain a refund of the Hearing Fee from the Exchange. A prevailing party who becomes a party in a subsequent hearing within 12 months of the hearing in which he prevailed shall not pay a higher Hearing Fee because of the hearing in which he prevailed.

(f) *Limitations on Hearing Requests.* No Trading Permit Holder may request a hearing involving the same parties that participated in a prior hearing unless the requesting Trading Permit Holder makes an adequate preliminary showing in his subsequent hearing request that new circumstances warrant another hearing involving the same parties, based upon the Crowd Dispute Resolution Guidelines contained in this Rule. The Space Mediator exercises sole and final judgment as to the adequacy of this preliminary showing.

(g) *CSDR Panel.* After the Trading Permit Holder submits his Hearing Fee to the Office of the Secretary, the Space Mediator selects a Crowd Space Dispute Resolution Panel ("Panel") composed of five Trading Permit Holders to hear and resolve the dispute. Two of the members of the Panel must be Trading Permit Holders who trade in the trading station where the dispute has arisen and two must be Trading Permit Holders who do not trade in the trading station where the dispute has arisen. The fifth Panel member must be a TPH Floor Official designated by the Exchange and may trade in or outside of the trading station where the dispute has arisen. The selection of all Panel members is in the sole discretion of the Space Mediator. The Space Mediator also designates a Panel member to serve as the Panel Chairman.

(h) *Recusals and Challenges of Panel Members.* The Exchange's recusal rules and policies apply with respect to participation by the Space Mediator, Panel members, and others in the crowd space dispute resolution process pursuant to this Rule. The Space Mediator informs the parties to the dispute of the composition of the Panel, as well as the date, time, and place of the hearing, at least 72 hours prior to the scheduled hearing in the matter. A Party may challenge the selection of one or more Panel members no later than 48 hours prior to the scheduled hearing in the matter by providing to the Space Mediator or the Panel Chairman a brief written statement explaining why the challenged Panel member has a conflict of interest or any other reason that would make the Panel member unable to participate in a fair and impartial manner. Notice of any replacement Panel member will be provided to the parties no later than 24 hours prior to the scheduled hearing. A Party may challenge the selection of any replacement Panel member no later than 8 hours prior to the scheduled hearing. The Space Mediator has sole and final authority to rule on any challenge and replace any Panel member.

(i) *Hearings.* The hearing is held at the time and place designated by the Panel. In hearings before the Panel, the Parties to the dispute will be allowed to present witnesses and/or documentary evidence to argue their claim, provided that they have furnished a list of all such witnesses and a copy of all such documents to the Panel Members and to all opposing parties at least 48 hours prior to the date of the hearing. The legal counsel to the Space Mediator, or another attorney designated by the legal counsel to the Space Mediator, acts as legal counsel to the Panel. The Panel determines all questions concerning admissibility of evidence, and otherwise regulates the conduct of the hearing. Formal rules of evidence do not apply. The Panel decides any issues of fact based on the evidence admitted at the hearing, and applies the Crowd Space Dispute Resolution Guidelines set forth below to each dispute. The party receiving at least a majority vote by the Panel will prevail.

(j) *Crowd Space Dispute Resolution Guidelines.* In resolving a crowd space dispute, the Panel's guiding principles are: (1) to determine what will "best promote a liquid and competitive market"; (2) to give no preference to Market-Makers, Floor Brokers, DPMs, or LMMs merely because of their status as such; and (3) to recognize and apply the principles that no Trading Permit Holder has any ownership "rights" in any crowd space, and that no Trading Permit Holder may sell or assign any supposed "rights" to use a particular space in a trading crowd. The Panel must examine the following factors and determine, in the Panel's sole judgment, how each relates to each of the parties competing for the space (the numerical ranking of the factors does not necessarily indicate the relative importance to be given to any particular factors in any particular case):

(1) *Quality and Quantity of Business.* The Panel must review the quality and quantity of business that each party to the dispute conducts. Evidence of the quality and quantity of each party's business includes, but is not limited to, evidence of the average daily number of contracts traded, the percentage of transactions that are traded in-person, and the typical size of markets made by each party.

(2) *Trading Crowd Tenure.* "Tenure" refers to the length of time each party has spent in the trading crowd where the space in dispute is located.

(3) *Association/Affiliation with a TPH Organization that Occupied the Space.* If a nominee or employee of a TPH organization has had to leave a space, then the Panel must consider to what extent there will be a negative impact on the trading in the crowd if another nominee of the TPH organization is or is not permitted to continue to use the space.

(4) *Need for Accommodation.* The Panel must consider to what extent each party's existing business is already satisfied by their existing space or whether the new space is needed to facilitate either existing or anticipated new business.

(5) *Proximity of Competing Parties.* The Panel must give consideration to whether any party stood near the spot in question, or whether any party occupied the space in the past.

(6) *Sight Lines or Access.* The Panel must consider to what extent each party needs sight lines or access to other parts of the crowd or the trading floor.

(7) *Technology Considerations.* The Panel must consider to what extent each party's needs may be satisfied by trading technology or communication technology.

(8) *Equitable Considerations.* In addition to the above factors, the Panel must consider any other factor it deems relevant in order to achieve a fair and equitable resolution.

(k) *Panel Decision.* The Panel Chairman communicates the Panel's decision to the Space Mediator and all parties to the dispute, which decision will take effect on the first trading day after all parties have been notified of the decision by the Panel Chairman. The Panel must also promptly provide a written Statement of Decision explaining the reason(s) for its decision. However, the effective date of the Panel's decision may not be postponed until the release of the Statement of Decision. If the Panel makes its decision about a party's right to use a space contingent upon that party's satisfaction of certain conditions, those conditions must be set forth in the Statement of Decision.

(l) *Appeal*. Any party may appeal the decision of the Panel pursuant to Chapter 15 of the Rules by filing an Application pursuant to Rule 15.2(a) within 30 days after the date of release of the Panel's Statement of Decision. The Panel decision, however, remains in effect during any such appeal.

(m) *Failure to Comply.* Any Trading Permit Holder or person associated with a Trading Permit Holder who fails to comply with a decision reached through these Crowd Space Dispute Resolution Procedures, or who otherwise fails to comply with any provision of this Rule, may be subject to disciplinary proceedings in accordance with Chapter 13 of the Rules for violation of this Rule and Rule 8.1.

[Effective October 7, 2019 (SR-CBOE-2019-042)]

CHAPTER 6. POST-TRANSACTION MATTERS

SECTION A. TRANSACTION REPORTS AND MODIFICATIONS

Rule 6.1. Report Transactions to the Exchange

(a) *Designated Trading Permit Holder Must Report Transaction.* A participant in each transaction to be designated by the Exchange must report or ensure the transaction is reported to the Exchange within 90 seconds of the execution in a form and manner prescribed by the Exchange so that the trade information may be reported to time and sales reports.

(1) *Late Reports.* Transactions not reported within 90 seconds after execution in accordance with this Rule shall be designated as late. A pattern or practice of late reporting without exceptional circumstances may be considered conduct inconsistent with just and equitable principles of trade and subject to summary fine under Rule 13.15 or to discipline under Chapter 13 of the Rules.

(2) Outage. In the event of an Exchange system malfunction or disruption such that a participant is unable to electronically report trade information pursuant to subparagraph (c) below for orders executed in open outcry (an "outage"), a participant will record execution information for orders executed in open outcry during the outage in a manner and form determined by the Exchange. Upon the resolution of the outage, a participant must resume electronic submission of transaction reports within the 90 second time frame and must use best efforts to input electronically into the Exchange's system the execution information required by subparagraph (c) below for the order(s) executed in open outcry during the outage not later than the close of business on the day that the malfunction or disruption ceases.

(b) *Reporting to Trading Permit Holder*. For each transaction on the Exchange in which a Trading Permit Holder participates, a Trading Permit Holder shall report the transaction as promptly as possible to the Trading Permit Holder for whom such transaction was made and/or to the Trading Permit Holder that will clear such transaction in a form and manner prescribed by the Exchange.

(c) *Transaction Record Procedure*. The Exchange has established the following procedure for reporting transactions pursuant to Rule 6.1(a) and (b). For each transaction on the Exchange both the buyer and seller shall immediately record on a card or ticket, or enter in an electronic data storage medium acceptable to the Exchange, (1) the assigned broker initial code and clearing firm (if a Market-Maker); (2) the symbol of the underlying security or index; (3) the type, expiration month, and exercise price of the option contract; (4) the transaction price; (5) the number of contract units comprising the transaction; (6) the time of the transaction obtained from a source designated by the Exchange; (7) the name of the contra Clearing Trading Permit Holder; and (8) the assigned broker initial code of the contra Trading Permit Holder. Such a record shall constitute the "transaction record." The transaction record for any agency order shall also include the account Capacity, as set forth in paragraph (f) below.

(1) The seller in each transaction, or the buyer if designated by the Exchange, shall also within 90 seconds of the execution submit the transaction report through an electronic data

transmission link approved by the Exchange or, in certain circumstances, by providing a paper form copy to the price Reporting Authority on the Exchange floor.

(2) Trading Permit Holders not using electronic medium to report trades are expected to provide the transaction record to the Trading Permit Holder for whom the transaction was executed and/or to the Clearing Trading Permit Holder that will clear the trade as promptly as possible.

(3) A Trading Permit Holder receiving a report of execution from another Trading Permit Holder shall immediately forward the report to the Clearing Trading Permit Holder that will clear the transaction.

(4) Before submitting the transaction record information for price reporting purposes in the manner prescribed above, the Trading Permit Holder shall use his best efforts to make sure that DPM acting in option contracts of the class involved, or the DPM's clerk, is aware of the transaction and its price.

(5) A Trading Permit Holder shall also submit the transaction record information for price reporting purposes in the manner prescribed above whenever the transaction represents the partial execution of a larger order.

Any floor Trading Permit Holder failing to report a transaction in accordance with paragraph (b) above and this paragraph (c) may be subject to discipline under Chapter 13 of the Rules.

(d) *Reporting Transactions Made Off the Exchange*. For each transaction in which a Trading Permit Holder participates off the Exchange in any option pertaining to an underlying security which is currently approved for Exchange transactions, such Trading Permit Holder shall report the transaction to the Exchange in a form and manner prescribed by the Exchange. With the identity of participants removed, such transactions shall be made public by the Exchange.

(e) *Trade Information*. Each Trading Permit Holder shall file with the Exchange trade information in such form as may be prescribed by the Exchange covering each Exchange transaction during each business day in order to allow the Exchange to properly match and clear trades. The trade information shall show for each transaction (1) the identity of the purchasing Clearing Trading Permit Holder and the writing Clearing Trading Permit Holder, (2) the underlying security, (3) the exercise price, (4) the expiration month, (5) the number of option contracts, (6) the premium per unit, (7) the identity of the executing brokers representing both the purchasing and writing Clearing Trading Permit Holders, (8) whether a purchase or a writing transaction, (9) except for a transaction executed by or for a Market-Maker, whether an opening or closing transaction, (10) the identity of the account of the Clearing Trading Permit Holder in which the transaction was effected, (11) the time of purchase or sale, (12) whether a put or call, and (13) such other information as may be required by the Exchange.

(f) *Form*. When entering orders on the Exchange, each Trading Permit Holder shall submit trade information in such form as may be prescribed by the Exchange in order to allow the Exchange to properly prioritize and route orders pursuant to the rules of the Exchange and report resulting transactions to the Clearing Corporation.

(g) *Procedure*. The Exchange has established the following procedures for reporting transactions pursuant to Rule 6.1(d):

(1) For trades executed via an electronic data storage medium, or electronic system, trade information shall be immediately submitted to the Exchange for trade matching and clearance.

(2) For trades not executed on an electronic data storage medium, or electronic system, trade information shall be immediately recorded on a card or ticket and submitted as soon as reasonably possible.

(h) *Unknown Values*. If a Trading Permit Holder has no knowledge of the account Capacity, opening or closing status or time-in-force of an order when the Trading Permit Holder systematizes the order pursuant to Rule 5.7 or reports a trade pursuant to this Rule, as applicable, the Trading Permit Holder may use the following values when systematizing the order through an Exchange-approved device or reporting a transaction, respectively: (1) either open or close, in the Trading Permit Holder's discretion (for opening or closing status); (2) broker-dealer Capacity code of (B)); and (3) day (for time-in-force). The Trading Permit Holder may change any of these initial values via Clearing Editor, and must maintain records of any changes, pursuant to Rule 6.6.

(i) *Accurate Information*. Pursuant to Rule 8.14, it remains the responsibility of the Trading Permit Holder to provide accurate trade information necessary for the reporting of a trade to time and sales reports or to allow the Exchange to properly match and clear trades. Any actions taken by the Exchange pursuant to paragraph (h) above do not constitute a determination by the Exchange that an order was systematized or a trade was effected in conformity with the requirements of the Rules. Nothing in this Rule is intended to define or limit the ability of the Exchange to sanction or take other remedial action pursuant to other Rules for rule violations or other activity for which remedial measures may be imposed.

(j) *Time of Submission of Trade Information*.

(1) Trade information shall be considered to have been received by the Exchange as of the time electronically recorded by the Exchange computer system when such trade information has been submitted by electronic transmission to the Exchange or entered into an electronic file for processing by the appropriate Exchange computer system, except as provided in subparagraph (j)(2) below. The point in the system at which the time is electronically recorded shall be determined by the Exchange and uniformly applied to all submissions on any given day. The system may treat trade information contained in a batch transmission as not received until the last record in the batch has been entered into an electronic file.

(2) In the event a Clearing Trading Permit Holder attempts to send trade information by electronic transmission but is unable to get through to the Exchange computer system, the Clearing Trading Permit Holder may contact the Exchange's Trade Desk Department to inquire if the Exchange's system is ready to receive such Clearing Trading Permit Holder's transmission.

(A) If the Exchange determines that its system was not so ready, any trade information submitted by such Clearing Trading Permit Holder within 10 minutes of being informed by Trade Desk personnel that the Exchange's system is so ready will be considered received by the Exchange as of the time the Clearing Trading Permit Holder contacted the Trade Desk, based on the time recorded by the Trade Desk personnel handling the inquiry.

(B) If the Exchange determines that its system was and remains so ready, it will reset the line at the Exchange's end and so inform the Clearing Trading Permit Holder. Any trade information submitted by such Clearing Trading Permit Holder within 10 minutes of being informed by Trade Desk personnel that the Exchange's system remains ready to accept such data and the line has been reset will be considered received by the Exchange as of the time the Clearing Trading Permit Holder contacted the Trade Desk, based on the time recorded by the Trade Desk personnel handling the inquiry. Such procedure shall apply only once for any given day, and repetitive use of this subparagraph by any Clearing Trading Permit Holder shall be investigated. Employing this subparagraph when no actual attempt was made to transmit trade information shall cause this subparagraph to be inapplicable and such action shall be considered conduct inconsistent with just and equitable principles of trade.

[Effective October 7, 2019 (SR-CBOE-2019-071); amended December 19, 2019 (SR-CBOE-2019-118); amended June 15, 2020 (SR-CBOE-2020-053)]

Rule 6.2. Transaction Reports; Users' Identities

(a) The System sends to a User aggregated and individual transaction reports for the User's transactions, which reports include transaction details; the contra party's EFID, clearing Trading Permit Holder account number, and Capacity; and the name of any away exchange if an order was routed for execution.

(b) The Exchange reveals a User's identity (1) when a registered clearing agency ceases to act for a participant, or the User's Clearing Trading Permit Holder, and the registered clearing agency determines not to guarantee the settlement of the User's trades, or (2) for regulatory purposes or to comply with an order of an arbitrator or court.

[Effective October 7, 2019 (SR-CBOE-2019-071)]

Rule 6.3. Unmatched Trade Reports

(a) *Matched Trades Reports*. On each business day the Exchange shall match the trade information submitted by Trading Permit Holders on that day and shall issue Unmatched Trade Reports to each Clearing Trading Permit Holder, which shall contain a list (1) of such Clearing Trading Permit Holder's trades on such day for which the Exchange did not receive matching trade data from another Clearing Trading Permit Holder (called "unmatched trades") and (2) of all trades reported by other Clearing Trading Permit Holders for which such Clearing Trading Permit Holder submitted no matching trade data (called "advisory trades").

(b) *Resolution of Unmatched Trades*. Promptly upon receipt of an Unmatched Trade Notification or Report, a Trading Permit Holder shall be obligated to reconcile all unmatched trades and advisory trades shown thereon and to report all reconciliations and corrections to the Exchange or the Clearing Trading Permit Holder responsible for submission to the Exchange, in accordance with such procedures as may be established by the Exchange from time to time. All Trading Permit Holders and their respective representatives shall make all reasonable efforts to resolve unmatched options trades on trade day. With respect to all options transactions, the following shall apply:

(1) Every Trading Permit Holder must have a representative available to resolve unmatched trades and respond to advisory trades until the final trade transmission is sent to The Options Clearing Corporation. If a Trading Permit Holder cannot reach the opposing Trading Permit Holder or its representative at the appropriate location and published number, the Trading Permit Holder should notify the Exchange's Trade Desk, which will verify and record the absence.

(2) All Trading Permit Holders must submit all trades immediately upon execution, as noted under Rule 6.1. If inaccurate information is initially submitted due to an error in carding or keying a trade, the Trading Permit Holder or its representative must make all reasonable efforts to detect and correct these errors.

(3) If an option trade remains unmatched after trade day, it must be resolved no later than 15 minutes prior to the opening of trading on the following business day. If an unmatched options trade cannot be resolved by mutual agreement, the transaction shall be promptly closed out by the parties pursuant to paragraph (g) below. If an unmatched options trade is not resolved by 15 minutes prior to the opening of trading on the following business day, due to one of the executing brokers not being present or represented on the Exchange floor, the trade shall be submitted to The Options Clearing Corporation pursuant to the terms presented by the executing broker who is in attendance or who is represented during the trade resolution process. Under unusual conditions the Exchange may prescribe a different schedule for the resolution of unmatched trades. Notwithstanding the foregoing, all Trading Permit Holders, Clearing Trading Permit Holders and their respective agents shall resolve unmatched trades in:

(A) Government securities options from the previous day's trading no later than 9:00 a.m. of the following business day.

(B) interest rate options from the previous day's trading no later than the time set by the Exchange for the opening of trading the following business day.

(4) Any Trading Permit Holder who fails to observe the policies and procedures under this Rule will be responsible for any liability resulting from an unmatched transaction which should have matched.

(c) *Records of Resolutions of Unmatched Trades*. All Trading Permit Holders, Clearing Trading Permit Holders and their respective representatives shall have readily available all necessary trade records for the resolution of their unmatched trades, and shall be required to produce such trade records upon request.

(d) *Verbal Commitment*. During the trade resolution process, when a representative of a Trading Permit Holder or a representative of a Clearing Trading Permit Holder, acting on behalf of a Trading Permit Holder makes a verbal commitment to another Trading Permit Holder, Clearing Trading Permit Holder or their respective representatives that commitment is binding upon both parties.

(e) *Acceptance of Transactions*. It shall be inconsistent with just and equitable principles of trade for any Trading Permit Holder, a Clearing Trading Permit Holder, or any person associated therewith, while engaged in the reconciliation and resolution of unmatched or matched transactions to (1) agree to accept any transaction in which the accepting party or its principal was not involved or (2) decline to accept any transaction in which the declining party or its principal was involved.

(f) *Ex-dividend or Ex-distribution*. In addition to the requirements set forth in paragraph (b) above, the following provision applies to transactions in index options and in any class of options which will trade ex-dividend or ex-distribution the following day:

> (1) Trades which do not match on trade day due to a difference in premium and which cannot be resolved that day by the Trading Permit Holders or their representatives, may be resolved provisionally prior to the final trade transmission to the Clearing Corporation by the buying Trading Permit Holder agreeing with the premium of the selling Trading Permit Holder in order to match the trade. This will not preclude either the buyer or the seller from asserting his position as to the correct premium in attempting to finally resolve the trade the next morning.
>
> (2) The buying Trading Permit Holder should submit a notice to the Trade Desk reflecting these price changes, the transaction numbers of the unmatched trades and the opposing party that was contacted.

(g) *Disagreement on Unmatched Trades*. When an unmatched Exchange transaction cannot be resolved under paragraph (a) above, the transaction shall be promptly closed out by the parties in the following manner. The Trading Permit Holder representing the purchaser in the unmatched Exchange transaction shall promptly enter into a new purchase transaction on the floor of the Exchange to purchase the option contract that was the subject of the unmatched Exchange transaction, and the Trading Permit Holder representing the writer in the unmatched Exchange transaction shall promptly enter into a new writing transaction on the floor of the Exchange to write the option contract that was the subject of the unmatched Exchange transaction. Any money difference resulting from such transactions shall be settled between the Trading Permit Holders involved, either by mutual agreement or by arbitration pursuant to these Rules, for their own accounts and not for the accounts of their respective customers. Notwithstanding the foregoing, if either Trading Permit Holder is acting for a firm account in the unmatched Exchange transaction, and not for the account of a customer, such Trading Permit Holder need not enter into a new transaction, in which event money differences will be based solely on the closing transaction of the other party to the unmatched transaction

[Effective October 7, 2019 (SR-CBOE-2019-071)]

Rule 6.4. Reporting of Trades to OCC

(a) All transactions made on the Exchange shall be submitted for clearance to the Clearing Corporation, and all such transactions shall be subject to the Rules of the Clearing Corporation. Each Trading Permit Holder shall file with, or at the direction of, the Exchange trade information in accordance with Rule 6.1(d) for each Exchange transaction for which such Trading Permit Holder is responsible.

(b) On each business day at or prior to a time prescribed by the Clearing Corporation, the Exchange submits to the Clearing Corporation a report of each Clearing Trading Permit Holder's trades matched in accordance with the Rules. The Exchange assumes no responsibility with respect to any unmatched trade nor for any delays or errors in the reporting to it of trade information. The Exchange may delegate its responsibility in respect of trade matching to the Clearing Corporation or other facility, in which case Clearing Trading Permit Holders must abide by the procedures established by the Clearing Corporation or other facility in the filing of trade information, the reconciliation of unmatched trades, and other actions pertinent to trade comparison.

[Effective October 7, 2019 (SR-CBOE-2019-071)]

Rule 6.5. Nullification and Adjustment of Option Transactions Including Obvious Errors

The Exchange may nullify a transaction or adjust the execution price of a transaction in accordance with this Rule. Unless otherwise stated, the provisions contained within this Rule are applicable to electronic transactions only. However, the determination as to whether a trade was executed at an erroneous price may be made by mutual agreement of the affected parties to a particular transaction. An electronic or open outcry trade may be nullified or adjusted on the terms that all parties to a particular transaction agree, provided, however, that such agreement to nullify or adjust must be conveyed to the Exchange in a manner prescribed by the Exchange prior to 8:30 a.m. on the first trading day following the execution. It is considered conduct inconsistent with just and equitable principles of trade for any TPH to use the mutual adjustment process to circumvent any applicable Exchange rule, the Act or any of the rules and regulations thereunder.

(a) *Definitions*.

(1) *Customer*. For purposes of this Rule, a Customer shall not include any broker-dealer, Professional Customer, or Voluntary Professional Customer.

(2) *Erroneous Sell/Buy Transaction*. For purposes of this Rule, an "erroneous sell transaction" is one in which the price received by the person selling the option is erroneously low, and an "erroneous buy transaction" is one in which the price paid by the person purchasing the option is erroneously high.

(3) *Official*. For purposes of this Rule, an Official is an Officer of the Exchange or such other employee designee of the Exchange that is trained in the application of this Rule.

(4) *Size Adjustment Modifier*. For purposes of this Rule, the Size Adjustment Modifier will be applied to individual transactions as follows:

Number of Contracts per Execution	Adjustment – TP Plus/Minus
1-50	N/A
51-250	2 times adjustment amount
251-1000	2.5 times adjustment amount
1001 or more	3 times adjustment amount

(b) *Theoretical Price*. Upon receipt of a request for review and prior to any review of a transaction execution price, the "Theoretical Price" for the option must be determined. For purposes of this Rule, if the applicable option series is traded on at least one other options exchange, then the Theoretical Price of an option series is the last NBB just prior to the trade in question with respect to an erroneous sell transaction or the last NBO just prior to the trade in question with respect to an erroneous buy transaction unless one of the exceptions in sub- paragraphs (b)(1) through (3) below exists. For purposes of this provision, when a single order received by the Exchange is executed at multiple price levels, the last NBB and last NBO just prior to the trade in question would be the last NBB and last NBO just prior to the Exchange's receipt of the order. The Exchange will rely on this paragraph (b) and Interpretation and Policy .08 of this Rule when determining Theoretical Price.

(1) *Transactions at the Open*.

(A) Except as provided in subparagraph (B) below, for a transaction occurring as part of the Opening Process (as defined in Rule 5.31) the Exchange will determine the Theoretical Price if there is no NBB or NBO for the affected series just prior to the erroneous transaction or if the bid/ask differential of the NBB and NBO just prior to the erroneous transaction is equal to or greater than the Minimum Amount set forth in the chart contained in subparagraph (b)(3) below. If the bid/ask differential is less than the Minimum Amount, the Theoretical Price is the NBB or NBO just prior to the erroneous transaction.

(B) For transactions occurring as part of opening auction process in any index options series being used to calculate the final settlement price of a volatility index on the final settlement day, the Theoretical Price is the first quote after the transaction(s) in question that does not reflect the erroneous transaction(s), provided that the quote size is for at least the overall size of the opening auction opening trade; if the quote size is for less than the overall size of the opening auction opening trade, then paragraph (c) and (d) shall not apply.

(2) *No Valid Quotes*. The Exchange will determine the Theoretical Price if there are no quotes or no valid quotes for comparison purposes. Quotes that are not valid are:

(A) all quotes in the applicable option series published at a time where the last NBB is higher than the last NBO in such series (a "crossed market");

(B) quotes published by the Exchange that were submitted by either party to the transaction in question;

(C) quotes published by another options exchange if either party to the transaction in question submitted the quotes in the series representing such options exchange's best bid or offer, provided that the Exchange will only consider quotes invalid on other options exchanges in up to 25 total options series that the party identifies to the Exchange the quotes which were submitted by such party and published by other options exchanges; and

(D) quotes published by another options exchange against which the Exchange has declared self-help.

(3) *Wide Quotes*. The Exchange will determine the Theoretical Price if the bid/ask differential of the NBB and NBO for the affected series just prior to the erroneous transaction was equal to or greater than the Minimum Amount set forth below and there was a bid/ask differential less than the Minimum Amount during the 10 seconds prior to the transaction. If there was no bid/ask differential less than the Minimum Amount during the 10 seconds prior to the transaction then the Theoretical Price of an option series is the last NBB or NBO just prior to the transaction in question, as set forth in paragraph (b) above.

Bid Price at Time of Trade	Minimum Amount
Below $2.00	$0.75
$2.00 to $5.00	$1.25
Above $5.00 to $10.00	$1.50
Above $10.00 to $20.00	$2.50
Above $20.00 to $50.00	$3.00
Above $50.00 to $100.00	$4.50
Above $100.00	$6.00

(c) *Obvious Errors*.

(1) *Definition*. For purposes of this Rule, an Obvious Error will be deemed to have occurred when the Exchange receives a properly submitted filing where the execution price of a transaction is higher or lower than the Theoretical Price for the series by an amount equal to at least the amount shown below:

Theoretical Price	Minimum Amount
Below $2.00	$0.25
$2.00 to $5.00	$0.40
Above $5.00 to $10.00	$0.50
Above $10.00 to $20.00	$0.80
Above $20.00 to $50.00	$1.00
Above $50.00 to $100.00	$1.50
Above $100.00	$2.00

(2) *Time Deadline*. A party that believes that it participated in a transaction that was the result of an Obvious Error must notify the Exchange's Trade Desk in the manner specified from time to time by the Exchange in a circular distributed to TPHs. Such notification must be received by the Exchange's Trade Desk within the timeframes specified below:

(A) *Customer Orders*. For an execution of a Customer order, a filing must be received by the Exchange within 30 minutes of the execution, subject to subparagraph (2)(C) below; and

(B) *"Non-Customer" Orders*. For an execution of any order other than a Customer order, a filing must be received by the Exchange within 15 minutes of the execution, subject to subparagraph (C) below.

(C) *Linkage Trades*. Any other options exchange will have a total of 45 minutes for Customer orders and 30 minutes for non-Customer orders, measured from the time of execution on the Exchange, to file with the Exchange for review of transactions routed to the Exchange from that options exchange and executed on the Exchange ("linkage trades"). This includes filings on behalf of another options exchange filed by a third-party routing broker if such third-party broker identifies the affected transactions as linkage trades. In order to facilitate timely reviews of linkage trades the Exchange will accept filings from either the other options exchange or, if applicable, the third-party routing broker that routed the applicable order(s). The additional 15 minutes provided with respect to linkage trades shall only apply to the extent the options exchange that originally received and routed the order to the Exchange itself received a timely filing from the entering participant (i.e., within 30 minutes if a Customer order or 15 minutes if a non-Customer order).

(3) *Official Acting on Own Motion*. An Official may review a transaction believed to be erroneous on his/her own motion in the interest of maintaining a fair and orderly market and for the protection of investors. A transaction reviewed pursuant to this paragraph may

be nullified or adjusted only if it is determined by the Official that the transaction is erroneous in accordance with the provisions of this Rule, provided that the time deadlines of subparagraph (c)(2) above shall not apply. The Official shall act as soon as possible after becoming aware of the transaction, and ordinarily would be expected to act on the same day that the transaction occurred. In no event shall the Official act later than 8:30 a.m. on the next trading day following the date of the transaction in question. Transactions adjusted or nullified under this provision cannot be reviewed by an Obvious Error Panel under paragraph (k) but can be appealed in accordance with paragraph (m) below; however, a determination by an Official not to review a transaction or determination not to nullify or adjust a transaction for which a review was conducted on an Official's own motion is not appealable. If a transaction is reviewed and a determination is rendered pursuant to another provision of this Rule, no additional relief may be granted under this provision.

(4) *Adjust or Bust*. If it is determined that an Obvious Error has occurred, the Exchange shall take one of the actions listed below. Upon taking final action, the Exchange shall promptly notify both parties to the trade electronically or via telephone.

(A) *Non-Customer Transactions*. Where neither party to the transaction is a Customer, the execution price of the transaction will be adjusted by the Official pursuant to the table below. Any non-Customer Obvious Error exceeding 50 contracts will be subject to the Size Adjustment Modifier defined in subparagraph (a)(4) above.

Theoretical Price (TP)	Buy Transaction Adjustment - TP Plus	Sell Transaction Adjustment - TP Minus
Below $3.00	$0.15	$0.15
At or above $3.00	$0.30	$0.30

(B) *Customer Transactions*. Where at least one party to the Obvious Error is a Customer, the trade will be nullified, subject to subparagraph (4)(C) below.

(C) *Application of Customer Transaction*. If any TPH submits requests to the Exchange for review of transactions pursuant to this rule, and in aggregate that TPH has 200 or more Customer transactions under review concurrently and the orders resulting in such transactions were submitted during the course of two minutes or less, where at least one party to the Obvious Error is a non-Customer, the Exchange will apply the non-Customer adjustment criteria set forth in subparagraph (A) above to such transactions.

(d) *Catastrophic Errors*.

(1) *Definition*. For purposes of this Rule, a Catastrophic Error will be deemed to have occurred when the execution price of a transaction is higher or lower than the Theoretical Price for the series by an amount equal to at least the amount shown below:

Theoretical Price (TP)	Minimum Amount
Below $2.00	$0.50
$2.00 to $5.00	$1.00
Above $5.00 to $10.00	$1.50
Above $10.00 to $20.00	$2.00
Above $20.00 to $50.00	$2.50
Above $50.00 to $100.00	$3.00
Above $100.00	$4.00

(2) *Time Deadline*. A party that believes that it participated in a transaction that was the result of a Catastrophic Error must notify the Exchange's Trade Desk in the manner specified from time to time by the Exchange in a circular distributed to TPHs. For transactions occurring during regular trading hours, such notification must be received by the Exchange's Trade Desk by 8:30 a.m. on the first trading day following the execution. For transactions occurring during Global Trading Hours, such notification must be received within 2 hours of the close of the Global Trading Hours session. For transactions in an expiring options series that take place on an expiration day, a party must notify the Exchange's Trade Desk within 45 minutes after the close of trading that same day. Relief will not be granted under paragraph (d) if an Obvious Error Panel has previously rendered a decision with respect to the transaction(s) in question.

(3) *Adjust or Bust*. If an Official determines that a Catastrophic Error has not occurred, the Trading Permit Holder will be subject to a charge of $5,000. If it is determined that a Catastrophic Error has occurred, the Exchange shall take action as set forth below. Upon taking final action, the Exchange shall promptly notify both parties to the trade electronically or via telephone. In the event of a Catastrophic Error, the execution price of the transaction will be adjusted by the Official pursuant to the table below. Any Customer order subject to this sub- paragraph will be nullified if the adjustment would result in an execution price higher (for buy transactions) or lower (for sell transactions) than the Customer's limit price.

Theoretical Price (TP)	Buy Transaction Adjustment - TP Plus	Sell Transaction Adjustment - TP Minus
Below $2.00	$0.50	$0.50
$2.00 to $5.00	$1.00	$1.00
Above $5.00 to $10.00	$1.50	$1.50
Above $10.00 to $20.00	$2.00	$2.00
Above $20.00 to $50.00	$2.50	$2.50
Above $50.00 to $100.00	$3.00	$3.00
Above $100.00	$4.00	$4.00

(e) *Significant Market Events*.

(1) *Definition*. For purposes of this Rule, a Significant Market Event will be deemed to have occurred when: criterion (A) below is met or exceeded or the sum of all applicable event statistics, where each is expressed as a percentage of the relevant threshold in criteria (A) through (D) below, is greater than or equal to 150% and 75% or more of at least one category is reached, provided that no single category can contribute more than 100% to the sum and any category contributing more than 100% will be rounded down to 100%. All criteria set forth below will be measured in aggregate across all exchanges.

(A) Transactions that are potentially erroneous would result in a total Worst-Case Adjustment Penalty of $30,000,000, where the Worst-Case Adjustment Penalty is computed as the sum, across all potentially erroneous trades, of:

(i) $0.30 (i.e., the largest Transaction Adjustment value listed in subparagraph (e)(3)(A) below); times

(ii) the contract multiplier for each traded contract; times

(iii) the number of contracts for each trade; times

(iv) the appropriate Size Adjustment Modifier for each trade, if any, as defined in sub- paragraph (e)(3)(A) below.

(B) Transactions involving 500,000 options contracts are potentially erroneous.

(C) Transactions with a notional value (i.e., number of contracts traded multiplied by the option premium multiplied by the contract multiplier) of $100,000,000 are potentially erroneous.

(D) 10,000 transactions are potentially erroneous.

(2) *Coordination with Other Options Exchanges*. To ensure consistent application across options exchanges, in the event of a suspected Significant Market Event, the Exchange shall initiate a coordinated review of potentially erroneous transactions with all other affected options exchanges to determine the full scope of the event. When this paragraph is invoked, the Exchange will promptly coordinate with the other options exchanges to determine the appropriate review period as well as select one or more specific points in time prior to the transactions in question and use one or more specific points in time to determine Theoretical Price. Other than the selected points in time, if applicable, the Exchange will determine Theoretical Price in accordance with paragraph (b) above.

(3) *Adjust or Bust*. If it is determined that a Significant Market Event has occurred then, using the parameters agreed as set forth in subparagraph (e)(2) above, if applicable, an Official will determine whether any or all transactions under review qualify as Obvious Errors. The Exchange shall take one of the actions listed below with respect to all transactions that qualify as Obvious Errors pursuant to subparagraph (c)(1) above. Upon taking final action, the Exchange shall promptly notify both parties to the trade electronically or via telephone.

(A) The execution price of each affected transaction will be adjusted by an Official to the price provided below unless both parties agree to adjust the transaction to a different price or agree to bust the trade. In the context of a Significant Market Event, any error exceeding 50 contracts will be subject to the Size Adjustment Modifier defined in subparagraph (a)(4) above.

Theoretical Price (TP)	Buy Transaction Adjustment - TP Plus	Sell Transaction Adjustment - TP Minus
Below $3.00	$0.15	$0.15
At or above $3.00	$0.30	$0.30

(B) Where at least one party to the transaction is a Customer, the trade will be nullified if the adjustment would result in an execution price higher (for buy transactions) or lower (for sell transactions) than the Customer's limit price.

(4) *Nullification of Transactions*. If the Exchange, in consultation with other options exchanges, determines that timely adjustment is not feasible due to the extraordinary nature of the situation, then the Exchange will nullify some or all transactions arising out of the Significant Market Event during the review period selected by the Exchange and other options exchanges consistent with this paragraph. To the extent the Exchange, in consultation with other options exchanges, determines to nullify less than all transactions arising out of the Significant Market Event, those transactions subject to nullification will

be selected based upon objective criteria with a view toward maintaining a fair and orderly market and the protection of investors and the public interest.

(5) *Final Rulings*. With respect to rulings made pursuant to this paragraph, the number of affected transactions is such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest. Accordingly, rulings by the Exchange pursuant to this paragraph are non-appealable.

(f) *Trading Halts*. The Exchange shall nullify any transaction that occurs during a trading halt in the affected option on the Exchange pursuant to Rule 5.20.

(g) *Erroneous Print in Underlying*. An electronic or open outcry trade resulting from an erroneous print(s) disseminated by the underlying market that is later nullified by that underlying market shall be adjusted or busted as set forth in subparagraph (c)(4) of this Rule, provided a party notifies the Exchange's Trade Desk in a timely manner as set forth below. For purposes of this paragraph, a trade resulting from an erroneous print(s) shall mean any options trade executed during a period of time for which one or more executions in the underlying security are nullified and for one second thereafter. If a party believes that it participated in an erroneous transaction resulting from an erroneous print(s) pursuant to this paragraph it must notify the Exchange's Trade Desk within the timeframes set forth in subparagraph (c)(2) above, with the allowed notification timeframe commencing at the time of notification by the underlying market(s) of nullification of transactions in the underlying security. If multiple underlying markets nullify trades in the underlying security, the allowed notification timeframe will commence at the time of the first market's notification. For the purposes of this paragraph, the underlying (which includes, but is not limited to, the underlying or related ETF(s), HOLDRS(s) and/or index value(s), and/or related futures product(s)) and the relevant underlying market(s) will be designated by the Exchange and announced to the Trading Permit Holders via Regulatory Circular. To qualify for consideration as an "underlying:" (1) the ETF, HOLDRS or index option class and related instrument must be derived from or designed to track the same underlying index; or (2) in the case of S&P 100-related options, the options class and related instrument must be derived from or designed to track the S&P 100 Index or the S&P 500 Index.

(h) *Erroneous Quote in Underlying*. A trade resulting from an erroneous quote(s) in the underlying security shall be adjusted or busted as set forth in subparagraph (c)(4) of this Rule, provided a party notifies the Exchange's Trade Desk in a timely manner as set forth below. An erroneous quote occurs when the underlying security has a width of at least $1.00 and has a width at least five times greater than the average quote width for such underlying security during the time period encompassing two minutes before and after the dissemination of such quote. For purposes of this paragraph, the average quote width shall be determined by adding the quote widths of sample quotations at regular 15-second intervals during the four-minute time period referenced above (excluding the quote(s) in question) and dividing by the number of quotes during such time period (excluding the quote(s) in question). If a party believes that it participated in an erroneous transaction resulting from an erroneous quote(s) pursuant to this paragraph it must notify the Exchange's Trade Desk in accordance with subparagraph (c)(2) above. For the purposes of this paragraph, the underlying (which includes, but is not limited to, the underlying or related ETF(s), HOLDRS(s) and/or index value(s), and/or related futures product(s)) and the relevant underlying market(s) will be designated by the Exchange and announced to the Trading Permit

Holders via Regulatory Circular. To qualify for consideration as an "underlying:" (1) the ETF, HOLDRS or index option class and related instrument must be derived from or designed to track the same underlying index; or (2) in the case of S&P 100- related options, the options class and related instrument must be derived from or designed to track the S&P 100 Index or the S&P 500 Index.

(i) *Stop (and Stop-Limit) Order Trades Triggered by Erroneous Trades*. Transactions resulting from the triggering of a stop or stop-limit order by an erroneous trade in an option contract shall be nullified by the Exchange, provided a party notifies the Exchange's Trade Desk in a timely manner as set forth below. If a party believes that it participated in an erroneous transaction pursuant to this paragraph it must notify the Exchange's Trade Desk within the timeframes set forth in subparagraph (c)(2) above, with the allowed notification timeframe commencing at the time of notification of the nullification of transaction(s) that triggered the stop or stop-limit order.

(j) *Linkage Trades*. If the Exchange routes an order pursuant to the Intermarket Options Linkage Plan that results in a transaction on another options exchange (a "Linkage Trade") and such options exchange subsequently nullifies or adjusts the Linkage Trade pursuant to its rules, the Exchange will perform all actions necessary to complete the nullification or adjustment of the Linkage Trade.

(k) *Obvious Error Panel*.

(1) *Composition*. An Obvious Error Panel will be comprised of at least 1 member of the Exchange's staff designated to perform Obvious Error Panel functions and 4 Trading Permit Holders. Fifty percent of the number of Trading Permit Holders on the Obvious Error Panel must be directly engaged in market making activity and fifty percent of the number of Trading Permit Holders on the Obvious Error Panel must act in the capacity of a non-DPM floor broker.

(2) *Scope of Review*. If a party affected by a determination made under paragraph (c) so requests within the time permitted in paragraph (k)(3) below, an Obvious Error Panel will review decisions made under this Rule, including whether an obvious error occurred, whether the correct Theoretical Price was used, and whether the correct adjustment was made at the correct price. A party may also request that the Obvious Error Panel provide relief as required in this Rule in cases where the party failed to provide the notification required in paragraph (c)(2) and an extension was not granted, but unusual circumstances must merit special consideration. A party cannot request review by an Obvious Error Panel of determinations by an Exchange Official made pursuant to paragraph (c)(3) of this Rule.

(3) *Procedure for Requesting Review*. A request for review must be made in writing within 30 minutes after a party receives notification of a determination under paragraph (c), except that if notification is made after 3:30 p.m., either party has until 9:30 a.m. the next trading day to request review. The Obvious Error Panel shall review the facts and render a decision on the day of the transaction, or the next trade day in the case where a request is properly made the next trade day.

(4) *Panel Decision*. The Obvious Error Panel may overturn or modify an action taken under this Rule upon agreement by a majority of the Panel representatives. All determinations by the Obvious Error Panel may be appealed in accordance with paragraph (m) of this Rule.

(l) *Catastrophic Error Panel*.

(1) *Composition*. A Catastrophic Error Panel will be comprised of at least one member of the Exchange's staff designated to perform Catastrophic Error Panel functions and four Trading Permit Holders. Fifty percent of the number of Trading Permit Holders on the Catastrophic Error Panel must be directly engaged in market making activity and fifty percent of the number of Trading Permit Holders on the Catastrophic Error Panel must act in the capacity of a non-DPM floor broker.

(2) *Scope of Review*. If a party affected by a determination made under paragraph (d) so requests within the time permitted in paragraph (l)(3) below, a Catastrophic Error Panel will review decisions made under this Rule, including whether a catastrophic error occurred, whether the correct Theoretical Price was used, and whether the correct adjustment was made at the correct price.

(3) *Procedure for Requesting Review*. A request for review must be made in writing within 30 minutes after a party receives notification of a determination under paragraph (d), except that if notification is made after 3:30 p.m., either party has until 9:30 a.m. the next trading day to request review. The Catastrophic Error Panel shall review the facts and render a decision on the day of the transaction, or the next trade day in the case where a request is properly made the next trade day.

(4) *Panel Decision*. The Catastrophic Error Panel may overturn or modify an action taken under this Rule upon agreement by a majority of the Panel representatives. All determinations by the Catastrophic Error Panel may be appealed in accordance with paragraph (m) of this Rule.

(m) *Review*. Subject to the limitations contained in (c)(3) above, a Trading Permit Holder affected by a determination made under this Rule may appeal such determination, in accordance with Chapter 15 of the Exchange's rules. For purposes of this Rule, a Trading Permit Holder must be aggrieved as described in Rule 15.1. Notwithstanding any provision in Rule 15.2 to the contrary, a request for review must be made in writing (in a form and manner prescribed by the Exchange) no later than the close of trading on the next trade date after the Trading Permit Holder receives notification of such determination from the Exchange.

Interpretations and Policies

.01 *Limit Up-Limit Down State*.

An execution will not be subject to review as an Obvious Error or Catastrophic Error pursuant to paragraph (c) or (d) of this Rule if it occurred while the underlying security was in a "Limit State" or "Straddle State," as defined in the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act. Nothing in this provision shall prevent such execution

from being reviewed on an Official's own motion pursuant to subparagraph (c)(3) of this Rule, or a bust or adjust pursuant to paragraphs (e) through (j) and Interpretation .05 of this Rule.

.02 *Resulting Execution Price Stands*. For the purposes of this Rule, to the extent the provisions of this Rule would result in the Exchange applying an adjustment of an erroneous sell transaction to a price lower than the execution price or an erroneous buy transaction to a price higher than the execution price, the Exchange will not adjust or nullify the transaction, but rather, the execution price will stand.

.03 *Opening Transactions in Restricted Series*. Notwithstanding the provisions of Rule 6.5, opening transactions that do not satisfy the requirements of Rule 4.4 will be nullified.

.04 *Binary Options*. For purposes of the obvious error provisions in paragraph (c) of this Rule, the adjusted price (including any applicable adjustment under subparagraph (c)(4)(A) for non-customer transactions) shall not exceed the applicable exercise settlement amount for the binary option.

.05 *Verifiable Disruptions or Malfunctions of Exchange Systems*. Electronic or open outcry transactions arising out of a "verifiable disruption or malfunction" in the use or operation of any Exchange automated quotation, dissemination, execution, or communication system will either be nullified or adjusted by an Official. Transactions that qualify for price adjustment will be adjusted to Theoretical Price, as defined in paragraph (b) above.

.06 *Submission of Dispute to Arbitration*. Any determination made by an Official, an Obvious Error Panel, or a Catastrophic Error Panel under this Rule shall be rendered without prejudice as to the rights of the parties to the transaction to submit a dispute to arbitration.

.07 *Complex Orders and Stock-Option Orders*.

(a) If a complex order executes against individual legs and at least one of the legs qualifies as an Obvious Error under subparagraph (c)(1) or a Catastrophic Error under subparagraph (d)(1), then the leg(s) that is an Obvious or Catastrophic error will be adjusted in accordance with subparagraph (c)(4)(A) or (d)(3), respectively, regardless of whether one of the parties is a Customer. However, any Customer order subject to this paragraph (a) will be nullified if the adjustment would result in an execution price higher (for buy transactions) or lower (for sell transactions) than the Customer's limit price on the complex order or individual leg(s). If any leg of a complex order is nullified, the entire transaction is nullified.

(b) If a complex order executes against another complex order and at least one of the legs qualifies as an Obvious Error under subparagraph (c)(1) or a Catastrophic Error under subparagraph (d)(1), then the leg(s) that is an Obvious or Catastrophic Error will be adjusted or busted in accordance with subparagraph (c)(4) or (d)(3), respectively, so long as either: (1) the width of the National Spread Market for the complex order strategy just prior to the erroneous transaction was equal to or greater than the amount set forth in the wide quote table of subparagraph (b)(3); or (2) the net execution price of the complex order is higher (lower) than the offer (bid) of the National Spread Market for the complex order strategy just prior to the erroneous transaction by an amount equal to at least the amount shown in the table in subparagraph (c)(1). If any leg of a complex order is nullified, the entire transaction is nullified.

(c) If the option leg of a stock-option order qualifies as an Obvious Error under subparagraph (c)(1) or a Catastrophic Error under subparagraph (d)(1), then the option leg that is an Obvious or Catastrophic Error will be adjusted in accordance with subparagraph (c)(4)(A) or (d)(3), respectively, regardless of whether one of the parties is a Customer. However, the option leg of any Customer order subject to this paragraph (c) will be nullified if the adjustment would result in an execution price higher (for buy transactions) or lower (for sell transactions) than the Customer's limit price on the stock-option order, and the Exchange will attempt to nullify the stock leg. Whenever a stock trading venue nullifies the stock leg of a stock-option order or whenever the stock leg cannot be executed, the Exchange will nullify the option leg upon request of one of the parties to the transaction or in accordance with subparagraph (c)(3).

.08 *Exchange Determining Theoretical Price*. For purposes of this Rule, when the Exchange must determine Theoretical Price pursuant to subparagraphs (b)(1) through (3) (i.e., at the open, when there are no valid quotes or when there is a wide quote), then the Exchange will determine Theoretical Price as follows.

(a) The Exchange will request Theoretical Price from the third party vendor defined in paragraph (d) below ("TP Provider") to which the Exchange and all other options exchanges have subscribed. The Exchange will apply the Theoretical Price provided by the TP Provider, except as otherwise described below.

(b) To the extent an Official of the Exchange believes that the Theoretical Price provided by the TP Provider is fundamentally incorrect and cannot be used consistent with the maintenance of a fair and orderly market, the Official shall contact the TP Provider to notify the TP Provider of the reason the Official believes such Theoretical Price is inaccurate and to request a review and correction of the calculated Theoretical Price. The Exchange shall also promptly provide electronic notice to other options exchanges that the TP Provider has been contacted consistent with this paragraph and include a brief explanation of the reason for the request.

(c) An Official of the Exchange may determine the Theoretical Price if the TP Provider has experienced a systems issue that has rendered its services unavailable to accurately calculate Theoretical Price and such issue cannot be corrected in a timely manner.

(d) The current TP Provider to which the Exchange and all other options exchanges have subscribed is: Cboe Livevol, LLC. Neither the Exchange, the TP Provider, nor any affiliate of the TP Provider (the TP Provider and its affiliates are referred to collectively as the "TP Provider"), makes any warranty, express or implied, as to the results to be obtained by any person or entity from the use of the TP Provider pursuant to this Interpretation .08. The TP Provider does not guarantee the accuracy or completeness of the calculated Theoretical Price. The TP Provider disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to such Theoretical Price. Neither the Exchange nor the TP Provider shall have any liability for any damages, claims, losses (including any indirect or consequential losses), expenses, or delays, whether direct or indirect, foreseen or unforeseen, suffered by any person arising out of any circumstance or occurrence relating to the use of such Theoretical Price or arising out of any errors or delays in calculating such Theoretical Price.

.09 *Nullification of Credit Option Transactions*. Paragraphs (b), (c)(1), (c)(4), (d), (e), (g), (h), (l), and Interpretation and Policy .05 of Rule 6.5 have no applicability to Credit Option transactions.

(a) For purposes of paragraphs (b), (c)(1), (c)(4), (d), (e), (g), (h), (l), and Interpretation and Policy .05 of Rule 6.5, a Trading Permit Holder or person associated with a Trading Permit Holder may have a trade nullified or adjusted if, in addition to the procedural requirements of Rules 6.5(c)(2) and (3), one of the following conditions is satisfied:

(1) *Obvious Price Error*. An obvious pricing error occurs when the execution price of an electronic transaction is below or above the theoretical price range (i.e., $0 - $100) for the series by an amount equal to at least 5% per contract. Such transactions will be adjusted by Trading Officials to a price within 5% of the theoretical price range (i.e., to -$5 or $105), unless both parties agree to a nullification.

(2) *Verifiable Disruptions or Malfunctions of Exchange Systems*. Electronic or open outcry transactions arising out of a "verifiable disruption or malfunction" in the use or operation of any Exchange automated quotation, dissemination, execution, or communication system will be nullified by Trading Officials, unless both parties agree to an adjustment.

[Effective October 7, 2019 (SR-CBOE-2019-071); amended October 15, 2019 (SR-CBOE-2019-049)]

Rule 6.6 Clearing Editor

(a) The Clearing Editor allows Trading Permit Holders to update executed trades on their trading date and revise them for clearing. The Clearing Editor may be used to update certain information entered pursuant to Rule 6.1 or to correct certain bona fide errors.

(b) Trading Permit Holders may change the following fields through the Clearing Editor: (1) Executing Firm and Contra Firm; (2) Executing Broker and Contra Broker; (3) CMTA; (4) Account and Sub Account; (5) Client Order ID; (6) Position Effect (open/close); (7) Capacity (if the change is from a customer Capacity code of (C) to any other Capacity code, it must be accompanied by a Reason Code and notice of such change will automatically be sent to the Exchange with the submission of the change through the Clearing Editor); (8) Strategy ID; (9) Frequent Trader ID; (10) Compression Trade ID; or (11) ORS ID.

(c) Changes related to the Designated Give Up through the use of Clearing Editor are governed by Rule 5.10.

(d) In addition to the fields listed in paragraph (b), Trading Permit Holders may change the following fields through the Clearing Editor: (1) Series, (2) Quantity, (3) Buy or Sell; or (4) Price. Each of these changes must be accompanied by a Reason Code. Notification of changes made pursuant to this paragraph (d) will automatically be sent to the Exchange with the submission of the changes through the Clearing Editor.

Interpretations and Policies

.01 Any actions the Exchange takes pursuant to this Rule 6.6 do not constitute a determination by the Exchange that a transaction was effected in conformity with the requirements of the Rules. Any improper change a Trading Permit Holder makes through Clearing Editor will be processed and given effect, but would be subject to appropriate disciplinary action in accordance with the Rules. In addition, nothing in this Rule is intended to define or limit the Exchange's ability to sanction or take other remedial action against a Trading Permit Holder pursuant to other Rules for rule violations or other activity for which the Exchange may impose remedial measures.

[Effective October 7, 2019 (SR-CBOE-2019-056), (SR-CBOE-2019-062); amended March 26, 2020 (SR-CBOE-2020-027)]

Rule 6.7. Off-Floor Transfers of Positions

(a) *Permissible Off-Floor Transfers*. Notwithstanding the prohibition set forth in Rule 5.12, existing positions in options listed on the Exchange of a Trading Permit Holder or of a Non-Trading Permit Holder that are to be transferred on, from, or to the books of a Clearing Trading Permit Holder may be transferred off the Exchange (an "off-floor transfer") if the off-floor transfer involves one or more of the following events:

(1) pursuant to Rule 8.5 or 8.14, an adjustment or transfer in connection with the correction of a bona fide error in the recording of a transaction or the transferring of a position to another account, provided that the original trade documentation confirms the error;

(2) the transfer of positions from one account to another account where no change in ownership is involved (i.e., accounts of the same Person (as defined in Rule 1.1)), provided the accounts are not in separate aggregation units or otherwise subject to information barrier or account segregation requirements;

(3) the consolidation of accounts where no change in ownership is involved;

(4) a merger, acquisition, consolidation, or similar non-recurring transaction for a Person;

(5) the dissolution of a joint account in which the remaining Trading Permit Holder assumes the positions of the joint account;

(6) the dissolution of a corporation or partnership in which a former nominee of the corporation or partnership assumes the positions;

(7) positions transferred as part of a Trading Permit Holder's capital contribution to a new joint account, partnership, or corporation;

(8) the donation of positions to a not-for-profit corporation;

(9) the transfer of positions to a minor under the Uniform Gifts to Minors Act; or

(10) the transfer of positions through operation of law from death, bankruptcy, or otherwise.

(b) *Netting.* Unless otherwise permitted by paragraph (f), when effecting an off-floor transfer pursuant to paragraph (a), no position may net against another position ("netting"), and no position transfer may result in preferential margin or haircut treatment.

(c) *Transfer Price.* The transfer price, to the extent it is consistent with applicable laws, rules, and regulations, including rules of other self-regulatory organizations, and tax and accounting rules and regulations, at which an off-floor transfer is effected may be:

(1) the original trade prices of the positions that appear on the books of the transferring Clearing Trading Permit Holder, in which case the records of the transfer must indicate the original trade dates for the positions; provided, transfers to correct errors under subparagraph (a)(1) must be transferred at the correct original trade prices;

(2) mark-to-market prices of the positions at the close of trading on the transfer date;

(3) mark-to-market prices of the positions at the close of trading on the trade date prior to the transfer date; or

(4) the then-current market price of the positions at the time the off-floor transfer is effected.

(d) *Prior Written Notice.* A Trading Permit Holder(s) and its Clearing Trading Permit Holder(s) (to the extent that the Trading Permit Holder is not self-clearing) must submit to the Exchange, in a manner determined by the Exchange, written notice prior to effecting an off-floor transfer from or to the account(s) of a Trading Permit Holder(s), except that notification is not required for transfers effected pursuant to subparagraph (a)(1) or (a)(2) of this Rule.

(1) The notice must indicate (A) the Exchange-listed options positions to be transferred, (B) the nature of the transaction, (C) the enumerated provision(s) under paragraph (a) pursuant to which the positions are being transferred, (D) the name of the counterparty(ies), (E) the anticipated transfer date, (F) the method for determining the transfer price under paragraph (c) above, and (G) any other information requested by the Exchange.

(2) Receipt of notice of an off-floor transfer does not constitute a determination by the Exchange that the off-floor transfer was effected or reported in conformity with the requirements of this Rule. Notwithstanding submission of written notice to Exchange, Trading Permit Holders and Clearing Trading Permit Holders that effect off-floor transfers that do not conform to the requirements of this Rule will be subject to appropriate disciplinary action in accordance with the Rules.

(e) *Records.* Each Trading Permit Holder and each Clearing Trading Permit Holder that is a party to an off-floor transfer must make and retain records of the information provided in the notice to the Exchange pursuant to subparagraph (d)(1), as well as information on (1) the actual Exchange-listed options transferred; (2) the actual transfer date; and (3) the actual transfer price (and the original trade dates, if applicable). The Exchange may also request the Trading Permit Holder or Clearing Trading Permit Holder to provide other information.

(f) *Presidential Exemptions*. In addition to the exemptions set forth in paragraph (a) of this Rule, the Exchange President (or senior-level designee) may grant an exemption from the requirement of Rule 5.12, on his or her own motion or upon application of the Trading Permit Holder (with respect to the Trading Permit Holder's positions) or a Clearing Trading Permit Holder (with respect to positions carried and cleared by the Clearing Trading Permit Holder), when, in the judgment of the President or his or her designee, allowing the off-floor transfer is necessary or appropriate for the maintenance of a fair and orderly market and the protection of investors and is in the public interest, including due to unusual or extraordinary circumstances, such as the possibility that the market value of the Person's positions will be compromised by having to comply with the requirement to trade on the Exchange pursuant to the normal auction process or when, in the judgment of the President or his or her designee, market conditions make trading on the Exchange impractical.

(g) *Routine, Recurring Transfers.* The off-floor transfer procedure set forth in this Rule is intended to facilitate non-routine, non-recurring movements of positions and is not to be used repeatedly or routinely, except for transfers between accounts of the same Person pursuant to subparagraph (a)(2). The off-floor transfer procedure may not be used in circumvention of the normal auction process.

(h) *Exchange-Listed Options.* The off-floor transfer procedure set forth in this Rule is only applicable to positions in options listed on the Exchange. Off-floor transfers of positions in Exchange-listed options may also be subject to applicable laws, rules, and regulations, including rules of other self-regulatory organizations. Transfers of non-Exchange listed options and other financial instruments are not governed by this Rule.

[Effective October 7, 2019 (SR-CBOE-2019-095); amended March 19, 2020 (SR-CBOE-2019-035); amended August 16, 2020 (SR-CBOE-2020-067)]

Rule 6.8. Off-Floor RWA Transfers

Notwithstanding Rule 5.12, existing positions in options listed on the Exchange of a Trading Permit Holder or non-Trading Permit Holder (including an affiliate of a Trading Permit Holder) may be transferred on, from, or to the books of a Clearing Trading Permit Holder off the Exchange if the transfer establishes a net reduction of risk-weighted assets attributable to those the Trading Permit Holder or non-Trading Permit Holder's options positions (an "RWA Transfer").

(a) RWA Transfers include, but are not limited to: (1) a transfer of options positions from Clearing Corporation member A to Clearing Corporation member B that net (offset) with positions held at Clearing Corporation member B, and thus closes all or part of those positions, and (2) a transfer of positions from a bank-affiliated Clearing Corporation member to a non-bank-affiliated Clearing Corporation member.

(b) RWA Transfers may occur on a routine, recurring basis.

(c) RWA Transfers may result in the netting of positions.

(d) No RWA Transfer may result in preferential margin or haircut treatment.

(e) No RWA Transfer may result in a change in ownership (i.e., an RWA transfer must occur between accounts of the same Person (as defined in Rule 1.1)).

(f) No prior written notice to the Exchange is required for RWA Transfers.

(g) Off-floor transfers of positions in Exchange-listed options may be subject to applicable laws, rules, and regulations, including rules of other self-regulatory organizations. Transfers of non-Exchange listed options and other financial instruments are not governed by this Rule.

[Effective October 7, 2019 (SR-CBOE-2019-095)]

Rule 6.9. In-Kind Exchange of Options Positions and ETF Shares and UIT Units

Notwithstanding the prohibition set forth in Rule 5.12, positions in options listed on the Exchange may be transferred off the Exchange by a Trading Permit Holder in connection with transactions (a) to purchase or redeem creation units of ETF shares between an authorized participant and the issuer of such ETF shares or (b) to create or redeem units of a unit investment trust ("UIT") between a broker-dealer and the issuer of such UIT units, which transfers would occur at the price(s) used to calculate the net asset value of such ETF shares or UIT units, respectively. For purposes of this Rule:

(a) an "authorized participant" is an entity that has a written agreement with the issuer of ETF shares or one of its service providers, which allows the authorized participant to place orders for the purchase and redemption of creation units (*i.e.*, specified numbers of ETF shares);

(b) an "issuer of ETF shares" is an entity registered with the Commission as an open-end management investment company under the Investment Company Act of 1940; and

(c) an "issuer of UIT units" is a trust registered with the Commission as a unit investment trust under the Investment Company Act of 1940.

[Effective October 17, 2019 (SR-CBOE-2019-048); amended May 28, 2020 (SR-CBOE-2020-042)]

SECTION B. EXERCISES AND DELIVERIES

Rule 6.20. Exercise of Options Contracts

(a) *General*. Subject to the restrictions set forth in Rule 8.42 and to such restrictions as may be imposed pursuant to Rule 8.46 or pursuant to the Rules of the Clearing Corporation, an outstanding option contract may be exercised during the time period specified in the Rules of the Clearing Corporation by the tender to the Clearing Corporation of an exercise notice in accordance with the Rules of the Clearing Corporation. An exercise notice may be tendered to the Clearing Corporation only by the Clearing Trading Permit Holder in whose account such option contract is carried with the Clearing Corporation.

(b) *Exchange Established Procedures and Cut-off Times*. The Exchange may establish procedures and cutoff times for the submission of exercise advices to the Exchange for noncash-settled equity options.

(c) *Advanced Notice of Modified Time*. In the event the Exchange provides advance notice, on or before 5:30 p.m. on the business day immediately prior to the last business day before the expiration date, indicating that a modified time for close of Regular Trading Hours in noncash-settled equity options on the last business day before expiration will occur, the deadline to make a final decision to exercise or not exercise an expiring option shall be 1 hour 30 minutes following the time announced for the close of Regular Trading Hours on that day.

(d) *Contrary Exercise Advice*. A Contrary Exercise Advice ("CEA", also known as "Expiring Exercise Declaration" or "EED") is a communication either: (i) to not exercise an option that would be automatically exercised under the Clearing Corporation's Ex-by-Ex procedure, or (ii) to exercise an option that would not be automatically exercised under the Clearing Corporation's Ex-by-Ex procedure.

(1) A CEA may be submitted to the Exchange by a Trading Permit Holder by using the Exchange's Contrary Exercise Advice Form, the Clearing Corporation's ENCORE system, a Contrary Exercise Advice form of any other national securities exchange of which the Trading Permit Holder also has membership or participant privileges and where the option is listed, or such other method as the Exchange may prescribe. A CEA may be canceled by filing an "Advice Cancel" with the Exchange or may be resubmitted at any time up to the submission cut-off times specified below.

(2) Trading Permit Holders and TPH organizations must deliver a CEA or Advice Cancel to the Exchange within 3 hours 30 minutes following the time announced for the close of Regular Trading Hours in noncash-settled equity options on that same day if such TPH organization employs an electronic submission procedure with time stamp for the submission of exercise instructions. For non-customer accounts, Trading Permit Holders and TPH organizations that do not employ an electronic procedure with time stamp for the submission of exercise instructions are required to deliver a CEA or Advice Cancel within 1 hour and 30 minutes following the time announced for the close of Regular Trading Hours on that day.

(3) The Exchange may establish extended cutoff times for decisions to exercise or not exercise an expiring noncash-settled equity option and for the submission of CEAs on a case- by-case basis due to unusual circumstances. For the purposes of this subparagraph (d)(3), examples of unusual circumstances would include, but not be limited to: increased market volatility; significant bid/offer spreads in underlying securities; or, internal system malfunctions affecting market quotes and/or deliver orders.

(4) If the Exchange provides advance notice by 1:00 p.m. on the previous business day, the Exchange may establish a reduced cutoff time for the decision to exercise or not exercise an expiring noncash-settled equity option and for the submission of CEAs on a case-by-case basis due to unusual circumstances; provided, however, that under no circumstances should the exercise cutoff time and the time for submission of a CEA be before the close of trading. For the purposes of the subparagraph (d)(4), examples of unusual circumstances would include, but not be limited to, a significant news announcement scheduled to be released after the close of a business day immediately prior to expiration and that pertains to an underlying security.

(e) *American-style Index Options*. No Trading Permit Holder may at any time prepare, time stamp or submit an exercise instruction for an American-style index option series if the Trading Permit Holder knows or has reason to know that the exercise instruction calls for the exercise of more contracts than the then "net long position" of the account for which the exercise instruction is to be tendered. For purposes of this Rule:

(1) the term "net long position" shall mean the net position of the account in such option at the opening of business of the day of such exercise instruction, plus the total number of such options purchased that day in opening purchase transactions up to the time of exercise, less the total number of such options sold that day in closing sale transactions up to the time of exercise,

(2) the "account" shall be the individual account of the particular customer, market-maker or "non-customer" (as that term is defined in the By-Laws of the Clearing Corporation) who wishes to exercise, and

(3) every transaction in an option series effected by a market-maker in a market-maker's account shall be deemed to be a closing transaction in respect of the market-maker's then positions in such option series. No Trading Permit Holder may adjust the designation of an "opening transaction" in any such option to a "closing transaction" except to remedy mistakes or errors made in good faith.

(f) *Range Options*. Range Options will be exercised at expiration if the settlement value of the underlying index falls within the Range Length, and Range Options shall be subject to the exercise by exception processing procedures set forth in Rules 805 and 1804 of the Clearing Corporation.

(g) *Binary Options*. Binary options will be automatically exercised at expiration if the settlement value of the underlying broad-based index is equal to or greater than the exercise price of a call binary option or less than the exercise price in the case of a put binary option.

(h) *Credit Options*. Notwithstanding paragraphs (a) through (d) above,

(1) Credit Default Options will be subject to automatic exercise upon the Exchange confirming that a Credit Event has occurred in a Reference Entity between the listing date and the last trading day.

(2) Credit Default Basket Options will be subject to automatic payouts and/or exercise upon the Exchange confirming that a Credit Event has occurred in a Basket Component between the listing date and the last trading date as follows:

(A) Multiple Payout Credit Default Basket Options will be subject to automatic payouts each time a Credit Event is confirmed in a Basket Component.

(B) Single Payout Credit Default Basket Options will be subject to automatic exercise as soon as a Credit Event is confirmed in any one of the Basket Components.

(3) The Credit Event confirmation period will begin when the Credit Option contract is listed and will extend to 4:00 p.m. on the expiration date.

(4) The Exchange will confirm Credit Events based on at least two sources, which may include announcements published via newswire services or information services companies, the names of which will be announced to the Trading Permit Holders via Regulatory Circular, and/or information submitted to or filed with the courts, the SEC, an exchange or association, the Clearing Corporation, or another regulatory agency or similar authority.

(5) For Credit Default Options, if the Exchange determines that a Credit Event in the underlying Reference Entity has occurred prior to 11:59 p.m. on the last trading day, the Credit Default Option will automatically pay the applicable cash settlement amount (or the applicable adjusted amount) per contract. Otherwise the cash settlement amount will be $0. If a Credit Event has been confirmed by the Exchange prior to the last trading day, the Credit Default Option will cease trading upon confirmation of the Credit Event.

(6) For Credit Default Basket Options, if the Exchange determines that a Credit Event in a Basket Component has occurred prior to 11:59 p.m. on the last trading day:

(A) a Multiple Payout Credit Default Basket Option will automatically pay the cash settlement amount (i.e., Notional Face Value of the Basket Component multiplied by one minus the Basket Component recovery rate specified by the Exchange at listing), however, if a Credit Event has been confirmed by the Exchange for each Basket Component prior to the last day of trading, the Multiple Payout Credit Default Basket Option will cease trading upon confirmation of the last Credit Event; and

(B) a Single Payout Credit Default Basket Option will automatically exercise and pay the cash settlement amount (i.e., Notional Face Value of the Basket Component multiplied by one minus the Basket Component recovery rate specified by the Exchange at listing), however, if a Credit Event has been confirmed by the Exchange prior to the last day of trading, the Single Payout Credit Default Basket Option will cease trading upon confirmation of the Credit Event.

(7) Every determination of the Exchange pursuant to this subparagraph (h) will be within its sole discretion and shall be conclusive and binding on all holders and sellers and not subject to review.

Interpretations and Policies

.01 For purposes of this Rule 6.20, the terms "customer account" and "non-customer account" have the same meanings as defined in OCC By-Laws Article I(C)(25) and Article I(N)(2), respectively.

.02 Each TPH organization shall prepare a memorandum of every exercise instruction received showing the time when such instruction was so received. Such memoranda shall be subject to the requirements of SEC Rule 17a-4(b).

.03 Clearing Trading Permit Holders must follow the procedures of the Clearing Corporation when exercising American-style cash-settled index option contracts issued or to be issued in any account at the Clearing Corporation. Trading Permit Holders must also follow the procedures set forth below with respect to American-style cash-settled index options:

(a) For all contracts exercised by the Trading Permit Holder or by any customer of the Trading Permit Holder on a business day, an "Exercise Advice" must be delivered by the Trading Permit Holder in such form or manner prescribed by the Exchange to a place designated by the Exchange no later than 4:20 p.m., or if trading hours are extended or modified in the applicable option class, no later than five minutes after the close of Regular Trading Hours on that business day.

(b) Subsequent to the delivery of an "Exercise Advice", should the Trading Permit Holder or a customer of the Trading Permit Holder determine not to exercise all or part of the advised contracts, the Trading Permit Holder must also deliver an "Advice Cancel" in such form or manner prescribed by the Exchange to a place designated by the Exchange no later than 4:20 p.m. , or if trading hours are extended or modified in the applicable option class, no later than five minutes after the close of Regular Trading Hours on that business day.

(c) The President or his designee may determine to extend the applicable deadline for the delivery of "Exercise Advice" and "Advice Cancel" notifications pursuant to this Interpretation .03 if unusual circumstances are present.

(d) No Trading Permit Holder may prepare, time stamp or submit an "Exercise Advice" prior to the purchase of the contracts to be exercised if the Trading Permit Holder knew or had reason to know that the contracts had not yet been purchased.

(e) The procedures set forth in subparagraphs (a)-(b) of this Interpretation .03 do not apply (1) on the business day prior to expiration in series expiring on a day other than a business day or (2) on the expiration day in series expiring on a business day.

(f) Exercises of American-style, cash-settled index options (and the submission of corresponding "Exercise Advice" and "Advice Cancel" forms) shall be prohibited during any time when trading in such options is delayed, halted, or suspended, subject to the following exceptions:

> (1) The exercise of an American-style, cash-settled index option may be processed and given effect in accordance with and subject to OCC rules while trading in the option is delayed, halted, or suspended if it can be documented, in a form prescribed by the Exchange, that the decision to exercise the option was made during allowable time frames prior to the delay, halt, or suspension. Acceptable documentation shall ordinarily be limited to an "Exercise Advice" previously transmitted via OCC's electronic communications system or a Trading Permit Holder's copy of an "Exercise Advice" previously submitted to the Exchange.
>
> (2) Exercises of expiring American-style, cash-settled index options shall not be prohibited on the last business day prior to their expiration.
>
> (3) Exercises of American-style, cash-settled index options shall not be prohibited during a trading halt that occurs at or after 4:00 p.m. In the event of such a trading halt, exercises

may occur through 4:20 p.m. In addition, if trading resumes following such a trading halt (such as by closing rotation), exercises may occur during the resumption of trading and for five minutes after the close of the resumption of trading. The provisions of this subparagraph (f)(3) are subject to the authority of the Board to impose restrictions on transactions and exercises pursuant to Rule 8.46(a).

(4) The President or his designee may determine to permit the exercise of American-style, cash-settled index options while trading in such options is delayed, halted, or suspended.

In the case of an American-style, cash-settled FLEX Index Option, the references in this paragraph (h) to a trading delay, halt, suspension, resumption, or closing rotation shall mean the occurrence of the applicable condition in the standardized option on the index underlying the FLEX Index Option (rather than the occurrence of the applicable condition in the FLEX Index Option itself).

.04 The failure of any Trading Permit Holder to follow the procedures in this Rule 6.20, or a Regulatory Circular issued pursuant to this Rule, may be referred pursuant to Chapter 13 of the Rules and result in the assessment of a fine, which may include but is not limited to disgorgement of potential economic gain obtained or loss avoided by the subject exercise, as determined pursuant to Chapter 13.

.05 Preparing or submitting an exercise instruction, Exercise Advice, CEA, or Advice Cancel after the applicable deadline on the basis of material information released after such deadline, in addition to constituting a violation of this Rule, is activity inconsistent with just and equitable principles of trade.

.06 The filing of an exercise instruction, Exercise Advice, CEA, or Advice Cancel with the Exchange as required by this rule or a regulatory circular issued pursuant to this rule does not serve to substitute as the effective notice to OCC for the exercise or non-exercise of expiring options.

.07 An exercise instruction, Exercise Advice, CEA or Advice Cancel that is prepared, time stamped, submitted or accepted in violation of the applicable cutoff time may be processed and given effect in accordance with and subject to the rules of OCC, but the Trading Permit Holder violating the cutoff time will be subject to discipline in accordance with the Rules.

[Effective October 7, 2019 (SR-CBOE-2019-071)]

Rule 6.21. Allocation of Exercise Notices

(a) *General*. Each TPH organization shall establish fixed procedures for the allocation of exercise notices assigned in respect of a short position in such TPH organization's customers' accounts. The allocation shall be on a "first in, first out", or automated random selection basis that has been approved by the Exchange, or on a manual random selection basis that has been specified by the Exchange. Each TPH organization shall inform its customers in writing of the method it uses to allocate exercise notices to its customers' accounts, explaining its manner of operation and the consequences of that system.

(b) *Reporting*. Each TPH organization shall report its proposed method of allocation to the Exchange and obtain the Exchange's prior approval thereof, and no TPH organization shall

change its method of allocation unless the change has been reported to and approved by the Exchange. The requirements of this paragraph shall not be applicable to allocation procedures submitted to and approved by another self-regulatory organization having comparable standards pertaining to methods of allocation.

(c) *Retention*. Each TPH organization shall preserve for a three-year period sufficient work papers and other documentary materials relating to the allocation of exercise notices to establish the manner in which allocation of such exercise notices is in fact being accomplished.

(d) *Government Securities Options.* In the case of Government securities options, the method of allocation of exercise notices established pursuant to this Rule may provide that an exercise notice of block size shall be allocated to a customer or customers having an open short position of block size and that an exercise notice of less than block size shall not be allocated, to the extent feasible, to a customer having a short position of block size; and provided further that, the TPH organization shall allocate an exercise notice pertaining to a call option contract to a customer who has made a specific deposit of the underlying security if it is directed to do so by the Clearing Corporation. For the purposes of this paragraph (d), an exercise notice or a short position in a series of options where the total principal amount is $1 million or more and where the underlying security is a Government security shall be deemed to be of "block size."

(e) *Corporate Debt Security Options*. In the case of Corporate Debt Security options, the method of allocation of exercise notices established pursuant to the Rule may provide that an exercise notice of a round lot shall be allocated to a customer or customers having an open short position of a round lot and that an exercise notice of less than a round lot shall not be allocated, to the extent feasible, to a customer having a short position of a round lot; and provided further that, the Trading Permit Holder or TPH organization shall allocate an exercise notice pertaining to a call option contract to a customer who has made a specific deposit of the underlying security if it is directed to do so by the Clearing Corporation. For the purposes of this Rule, an exercise notice or a short position in a series of options of 10 contracts shall be deemed to be a "round lot."

(f) *Non-applicability*. This Rule 6.21 does not apply to binary options or credit default options.

[Effective October 7, 2019 (SR-CBOE-2019-071)]

Rule 6.22. Delivery and Payment

(a) *General*. Delivery of the underlying security upon the exercise of an option contract, and payment of the aggregate exercise price in respect thereof, shall be in accordance with the Rules of the Clearing Corporation. As promptly as possible after the exercise of an option contract by a customer, the TPH organization shall require the customer to make full cash payment of the aggregate exercise price in the case of a call option contract, or to deposit the underlying security in the case of a put option contract, or to make the required margin deposit in respect thereof if the transaction is effected in a margin account, in accordance with the Rules of the Exchange and the applicable regulations of the Federal Reserve Board. As promptly as practicable after the assignment to a customer of an exercise notice the TPH organization shall require the customer to deposit the underlying security in the case of a call option contract if the underlying security is not carried in the customer's account, or to make full cash payment of the aggregate exercise price in

the case of a put option contract, or in either case to deposit the required margin in respect thereof if the transaction is effected in a margin account, in accordance with the Rules of the Exchange and the applicable regulations of the Federal Reserve Board.

(b) *Government Securities Options*.

(1) *General.* Payment of the aggregate exercise price or, in the case of market basket options, the adjusted aggregate exercise price, shall be accompanied by payment of accrued interest on the underlying Government security from but not including the last interest payment date to and including the exercise settlement date as specified in the Rules of the Clearing Corporation.

(2) *Market Basket Treasury Bond Options*. Delivery of underlying Treasury bonds upon exercise of a market basket Treasury bond option shall be made in accordance with the Rules of the Clearing Corporation, and shall consist of any outstanding issue of Treasury bonds that have a remaining term to maturity (to call date if callable) of not less than 15 years on the exercise settlement date, provided that the Exchange, at the time it opens additional series of market basket Treasury bond options in new expiration months, may designate particular issues of Treasury bonds that are not eligible for delivery upon exercise of options of those series.

(A) A TPH organization required to make delivery of Treasury bonds on behalf of a customer in connection with the exercise of a market basket Treasury bond option shall deliver the identical Treasury bonds that the customer furnished to the TPH organization for that purpose.

(B) A customer shall not be required to pay the adjusted aggregate exercise price until the customer has been informed by the TPH organization acting on his behalf of the precise amount of the adjusted aggregate exercise price, which depends on the identity of the specific Treasury bonds actually delivered. The adjusted aggregate exercise price is determined in the manner designated by the Exchange in order to provide the same yield to maturity (to call date if callable) as if the same principal amount of Treasury bonds bearing a nominal 8% interest rate and a 15-year term to maturity were delivered and paid for at the nominal exercise price. For purposes of the yield equivalence calculation, the term to maturity (to call date if callable) of the Treasury bonds actually delivered shall be rounded down to the nearest number of months evenly divisible by three. (For example, Treasury bonds with 17 years, five months and four days to maturity shall be assumed to have 17 years and three months remaining term to maturity for purposes of the yield equivalence calculation.)

(C) The Exchange has designated the yield equivalence tables prepared by Financial Publishing Company, Boston, Massachusetts (Publication No.) for purposes of the calculation of adjusted aggregate exercise prices.

(D) Calculations of accrued interest on underlying Treasury securities shall be made in accordance with Treasury Circular 300.

(E) Yield equivalence calculations shall be rounded in accordance with the Rule(s) of the Clearing Corporation.

(c) *Corporate Debt Security Options*. Payment of the exercise price shall be accompanied by payment of accrued interest on the underlying Corporate Debt Security from but not including the last interest payment date to and including the exercise settlement date as specified in the Rules of the Clearing Corporation.

(1) Calculations of accrued interest on any particular Corporate Debt Security shall be made in accordance with the practice currently employed for that security in the underlying cash market.

(2) The Rules of the Clearing Corporation provide for special exercise settlement procedures in the event that delivery of the applicable Corporate Debt Security is not possible.

(e) *Non-applicability*. This Rule 6.22 does not apply to binary options.

[Effective October 7, 2019 (SR-CBOE-2019-071)]

CHAPTER 7 REGULATORY RECORDS, REPORTS, AND AUDITS

SECTION A. GENERAL

Rule 7.1. Maintenance, Retention and Furnishing of Books, Records and Other Information

(a) *General*. Each Trading Permit Holder shall make, keep current and preserve such books and records as the Exchange may prescribe and as may be prescribed by the Exchange Act as though such Trading Permit Holder were a broker or dealer registered pursuant to Section 15 of such Act. No Trading Permit Holder shall refuse to make available to the Exchange such books, records or other information as may be called for under the Rules or as may be requested in connection with an investigation by the Exchange. Trading Permit Holders must comply with all applicable recordkeeping and reporting requirements under the Rules.

(b) *Stock Transaction Records*. Each TPH organization that clears stock transactions and for which the Exchange is the DEA shall maintain records of short stock positions in all customer and proprietary firm accounts for securities listed on a United States registered national securities exchange or for securities whose bids and offers are reported on the automated quotation system operated by the National Association of Securities Dealers, Inc. ("NASD"). Each such Trading Permit Holder that is not required to report short interest data to another stock exchange or to the NASD as a result of being a Trading Permit Holder of such organization shall report these short stock positions to either a stock exchange or to the NASD, as the Exchange so directs. The form, manner, and time of such report shall be specified by the appropriate exchange or the NASD.

(c) *Non-U.S. Currency Derivatives Market-Maker Records*. In addition to the existing obligations under the Rules regarding the maintenance and production of books and records, a Market-Maker in non-U.S. currency, non-U.S. currency options, futures or options on futures on such currency, or any other derivatives based on such currency, shall make available to the Exchange such books, records or other information pertaining to transactions in non-U.S. currency and the applicable non-U.S. currency, non-U.S. currency options, futures or options on futures on such currency, or any other derivatives on such currency, as may be requested by the Exchange.

(d) *Commodity Pool Unit Options Market-Maker Records*. In addition to the existing obligations under the Rules regarding the maintenance and production of books and records, a Market-Maker in options on Commodity Pool Units, shall make available to the Exchange such books, records or other information pertaining to transactions in the applicable physical commodity, physical commodity options, commodity futures contracts, options on commodity futures contracts, or any other derivatives on such commodity, as may be requested by the Exchange.

(e) *Corporate Debt Security Options Market-Makers*. No Market-Maker in Corporate Debt Security options shall fail to make available to the Exchange such books, records or other information maintained by or in the possession of such Trading Permit Holder or any corporate affiliate of such Trading Permit Holder pertaining to transactions by such Trading Permit Holder or any such affiliate for its own account in Corporate Debt Securities or in Corporate Debt Security options as may be called for under the Rules or as may be requested in the course of any investigation, any inspection or other official inquiry by the Exchange. Any corporate affiliate of

a Market-Maker in Corporate Debt Security options shall maintain and preserve such books, records or other information as may be necessary to comply with this paragraph (e) and Rule 7.6(d).

(f) *Government Securities Options Market-Makers*. No Market-Maker in Government securities options shall fail to make available to the Exchange such books, records or other information maintained by or in the possession of such Trading Permit Holder or any corporate affiliate of such Trading Permit Holder pertaining to transactions by such Trading Permit Holder or any such affiliate for its own account in Government securities, Government securities futures or in Government securities options as may be called for under the Rules or as may be requested in the course of any investigation, any inspection or other official inquiry by the Exchange. Any corporate affiliate of a Market-Maker in Government securities options shall maintain and preserve such books, records or other information as may be necessary to comply with this paragraph (f) and Rule 7.6(e)

(g) *Interest Rate Options Market-Makers*. No Market-Maker in interest rate options shall fail to make available to the Exchange such books, records or other information maintained by or in the possession of such Trading Permit Holder or any corporate affiliate of such Trading Permit Holder pertaining to transactions by such Trading Permit Holder or any such affiliate for its own account in U.S. Treasury bills, notes and/or bonds and exchange-traded and over-the-counter options, futures and options on futures thereon, as may be called for under the Rules or as may be requested in the course of any investigation, inspection or other official inquiry by the Exchange. Any corporate affiliate of a Market-Maker in interest rate options shall maintain and preserve such books, records or other information as may be necessary to comply with this paragraph (g) and Rule 7.6(f).

[Effective October 7, 2019 (SR-CBOE-2019-073)]

Rule 7.2. Reports of Uncovered Short Positions

Upon request of the Exchange, each Trading Permit Holder shall submit to the Exchange a report of the total uncovered short positions in each option contract of a class dealt in on the Exchange showing: (a) positions carried by such Trading Permit Holder for its own account and (b) positions carried by such Trading Permit Holder for the accounts of customers; provided that the Trading Permit Holders shall not report positions carried for the accounts of other Trading Permit Holders where such other Trading Permit Holders report the positions themselves. Such report shall be submitted not later than the second business day following the date the request is made.

[Effective October 7, 2019 (SR-CBOE-2019-073)]

Rule 7.3. Financial Reports

Each Trading Permit Holder shall submit to the Exchange answers to financial questionnaires, reports of income and expenses and additional financial information in the type, form, manner and time prescribed by the Exchange. Trading Permit Holders may be subject to fines pursuant to Rule 13.15(g)(2) for violations of this Rule.

(a) *Net Capital Computing*. Trading Permit Holders who are net capital computing must file electronically with the Exchange any required monthly and quarterly FOCUS Reports utilizing the system or software prescribed by the Exchange, which will be announced via Regulatory Circular.

(b) *Not Net Capital Computing*. Trading permit Holders who file an annual FOCUS Report and who are not net capital computing must file electronically with the Exchange the annual FOCUS Report and Schedule 1 utilizing the system or software prescribed by the Exchange, which will be announced via Regulatory Circular.

[Effective October 7, 2019 (SR-CBOE-2019-073)]

Rule 7.4. Audits

(a) *Annual Audit*. Each TPH organization approved to do business with the public in accordance with Chapter 9 of the Rules and each registered Market-Maker shall file a report of its financial condition as of a date within each calendar year prepared in accordance with the requirements of SEC Rule 17a-5 and Form X-17A-5 and containing the information called for by that form. The report of each Trading Permit Holder approved to do business with the public shall be certified by an independent public accountant, and on or before January 10 of each year, each such Trading Permit Holder shall notify the Exchange of the name of the independent public accountant appointed for that year and the date as of which the report will be made. Such report of financial condition, together with answers to an Exchange financial questionnaire based upon the report, shall be filed with the Exchange not later than 60 days after the date as of which the financial condition of the Trading Permit Holder is reported, or such other period as the Exchange may individually require. Any such Trading Permit Holder may file in lieu of the report required by this Rule a copy of any financial statement which he is, or has been required to file with any other national securities exchange or national securities association of which he is a member, or with any agency of any State as a condition of doing business in securities therein, and which is acceptable to the Exchange as containing substantially the same information as Form X-17A-5.

(b) *Additional Audits*. In addition to the annual report required of certain Trading Permit Holders pursuant to paragraph (a) of this Rule, the Exchange may require any Trading Permit Holder to cause an audit of its financial condition to be made by an independent public accountant in accordance with the audit requirements of SEC Form X-17A-5 as of the date of an answer to a financial questionnaire, and to file a statement to the effect that such audit has been made and whether it is in accord with the answer to the questionnaire. Such statement shall be signed by two general partners in the case of a TPH organization, by two executive officers in the case of a Trading Permit Holder corporation or by an individual Trading Permit Holder and it shall be attested by the independent public accountant who certified the audit. The original report of the audit signed by the independent public accountant shall be retained as part of the books and records of the Trading Permit Holder.

[Effective October 7, 2019 (SR-CBOE-2019-073)]

Rule 7.5. Automated Submission of Trading Data

A Trading Permit Holder or TPH organization shall submit the trade data elements specified below in such automated format as may be prescribed by the Exchange from time to time, in regard to

such transaction or transactions that are the subject of a particular request for information made by the Exchange:

(a) if the transaction was a proprietary transaction effected or caused to be effected by the Trading Permit Holder or TPH organization for any account in which such Trading Permit Holder or TPH organization, or any member, allied member, approved person, partner, officer, director, or employee thereof, is directly or indirectly interested, such Trading Permit Holder or TPH organization shall submit or cause to be submitted the following information:

(1) Clearing house number, or alpha symbol as used by the Trading Permit Holder or the TPH organization submitting the data;

(2) Clearing house number(s), or alpha symbol(s) as may be used from time to time, of the Trading Permit Holder(s) or TPH organization(s) on the opposite side of the transaction;

(3) Identifying symbol assigned to the security and where applicable for options the month and series symbols;

(4) Date transaction was executed;

(5) Number of option contracts for each specific transaction and whether each transaction was an opening or closing purchase or sale; and where applicable the number of shares traded or held by accounts for which option data is submitted; and where applicable the number of shares for each specific transaction and whether each transaction was a purchase, sale or short sale;

(6) Transaction price;

(7) Account number; and

(8) Market center where transaction was executed.

(b) If the transaction was effected or caused to be effected by the TPH organization for any customer account, such TPH organization shall submit or cause to be submitted the following information:

(1) Data elements in subparagraphs (a)(1) through (8) above;

(2) Customer name, address(es), branch office number, registered representative number, whether order was solicited or unsolicited, date account opened and employer name and the tax identification number(s); and

(3) If the transaction was effected for a Trading Permit Holder broker-dealer customer, whether the broker-dealer was acting as a principal or agent on the transaction or transactions that are the subject of the Exchange's request.

(c) In addition to the above trade data elements, a Trading Permit Holder or TPH organization shall submit such other information in such automated format as may be prescribed by the Exchange, as may from time to time be required.

(d) The Exchange may grant exceptions, in such cases and for such time periods as it deems appropriate, from the requirement that the data elements prescribed in paragraphs (a) and (b) above be submitted to the Exchange in an automated format.

[Effective October 7, 2019 (SR-CBOE-2019-073)]

Rule 7.6. Securities Accounts and Orders of Market-Makers

(a) *Identification of Accounts*. In a manner prescribed by the Exchange, each Market-Maker must, upon the request of the Exchange, file with the Exchange and keep current a list identifying all accounts for stock, options, and related securities trading in which the Market-Maker may, directly or indirectly, engage in trading activities or over which it exercises investment discretion. No Market-Maker may engage in stock, options, or related securities trading in an account that has not been reported pursuant to this Rule.

(b) *Reports of Orders*. Each Market-Maker must, upon the request of the Exchange and in the prescribed form, report to the Exchange every order entered by the Market-Maker for the purchase or sale of (1) a security underlying options traded on the Exchange, or (2) a security convertible into or exchangeable for such underlying security, as well as opening and closing positions in all such securities held in each account reported pursuant to paragraph (a) of this Rule. The report pertaining to orders must include the terms of each order, identification of the brokerage firms through which the orders were entered, the times of entry or cancellation, the times report of execution were received, and, if all or part of the order was executed, the quantity and execution price. Reports of accounts and transactions required to be filed pursuant to this Rule relate only to accounts in which a Market Maker, as an individual, directly or indirectly controls trading activities or has a direct interest in the profits or losses of such account. Such reports are required for accounts over which a Market Maker exercises investment discretion as well as a Market Maker's proprietary accounts.

(c) *Joint Accounts*. No Market-Maker may, directly or indirectly, hold any interest or participate in any joint account for buying or selling any options contract unless each participant in such joint account is a Trading Permit Holder and unless such account is reported to, and not disapproved by, the Exchange. Such reports in a form prescribed by the Exchange must be filed with the Exchange before any transaction is effected on the Exchange for such joint account. A participant in a joint account must:

(1) Be either a Market-Maker or a Clearing Trading Permit Holder that carries the joint account. A Market-Maker may participate in a joint account on behalf of a TPH organization with which he is associated. Market-Makers participating in a joint account may be associated with the same TPH organization.

(2) File and keep current a completed application on the form prescribed by the Exchange.

(3) Be jointly and severally responsible for assuring that the account complies with all the Rules. In the case where a participant in a joint account is a nominee or Responsible Person of a TPH organization, and the participant is not acting as an independent Market-Maker, the TPH organization and not the participant shall be so liable.

(4) Not be a Market-Maker with an appointment in the same option classes to which the joint account holder also has an appointment a Market-Maker.

(d) *Corporate Debt Security Options Market-Makers*. In the case of Market-Makers in Corporate Debt Security options, paragraphs (a) and (b) above also apply to (1) accounts for Corporate Debt Securities deliverable under the terms of the option contracts involved and Corporate Debt Security options trading; and (2) orders entered by the Market-Maker for the purchase or sale of Corporate Debt Securities deliverable under the terms of the options contracts involved and options on Corporate Debt Securities and opening and closing positions therein.

(e) *Government Securities Options Market-Makers*. In the case of Market-Makers in Government securities options, paragraphs (a) and (b) above also apply to (1) accounts for Government securities deliverable under the terms of the option contracts involved, Government securities futures, options on Government securities futures and Government securities options trading, and (2) orders entered by the Market-Maker for the purchase or sale of Government securities deliverable under the terms of the options contracts involved, Government securities futures, options on Government securities futures, options on Government securities and opening and closing positions therein.

(f) *Interest Rate Options Market-Makers*. In the case of Market-Makers in interest rate options, paragraphs (a) and (b) above also apply to (1) accounts for underlying securities and for exchange-traded and over-the-counter options, futures and options on futures thereon and (2) orders entered by the Market-Maker for the purchase or sale of underlying securities and for exchange-traded and over-the-counter options, futures and options on futures thereon and opening and closing positions concerning one or more of the foregoing.

[Effective October 7, 2019 (SR-CBOE-2019-059), (SR-CBOE-2019-070), (SR-CBOE-2019-073)]

Rule 7.7. Risk Analysis of Market-Maker Accounts

(a) Each TPH organization which clears or guarantees the transactions of options Market- Makers pursuant to Rule 3.61, shall establish and maintain written procedures for assessing and monitoring the potential risks to the TPH organization's capital over a specified range of possible market movements of positions maintained in such options Market-Maker accounts and such related accounts as the Exchange shall from time to time direct. Current procedures shall be filed and maintained with the Exchange. The procedures shall specify the computations to be made, the frequency of computations, the records to be reviewed and maintained and the position(s) within the organization responsible for the risk function.

(b) Upon direction by the Exchange, each affected TPH organization shall provide to the Exchange such information as the Exchange may reasonably require with respect to the TPH organization's risk analysis for any or all of its options Market-Maker accounts.

(c) Each affected TPH organization shall at a minimum assess and monitor its own potential risk of loss from options Market-Maker accounts each business day as of the close of business the prior day through use of an Exchange approved computerized risk analysis program. The program shall comply with at least the minimum standards specified below and such other standards as from time to time may be prescribed by the Exchange in written memoranda to all affected TPH organizations:

(1) The estimated loss to the Clearing TPH organization for each Market-Maker account (potential account deficit) shall be determined given the impact of broad market movements in reasonable intervals over a range from negative 15% to positive 15%.

(2) The TPH organization shall calculate volatility using a method approved by the Exchange, with volatility updated at least weekly. The program must have the capability of expanding volatility when projecting losses throughout the range of broad market movements.

(3) Options prices shall be estimated through use of recognized options pricing models such as, but not limited to, Black-Scholes and Cox-Ross-Rubinstein.

(4) At a minimum, written reports shall be generated which describe for each market scenario: the projected loss per options class by account; the projected total loss per options class for all accounts; the projected deficits per account and in aggregate.

[Effective October 7, 2019 (SR-CBOE-2019-073)]

Rule 7.8. Risk Analysis of Portfolio Margin Accounts

(a) Each TPH organization that maintains any portfolio margin accounts for customers shall establish and maintain a comprehensive written risk analysis methodology for assessing and monitoring the potential risk to the TPH organization's capital over a specified range of possible market movements of positions maintained in such accounts. The risk analysis methodology shall specify the computations to be made, the frequency of computations, the records to be reviewed and maintained, and the person(s) within the organization responsible for the risk function. This risk analysis methodology must be filed with the TPH organization's DEA and submitted to the SEC prior to the implementation of portfolio margining.

(b) Upon direction by the Exchange each affected TPH organization shall provide to the Exchange such information as the Exchange may reasonably require with respect to the TPH organization's risk analysis for any or all of the portfolio margin accounts it maintains for customers.

(c) In conducting the risk analysis of portfolio margin accounts required by this Rule 7.8, each TPH organization shall include in the written risk analysis methodology required pursuant to paragraph (a) above procedures and guidelines for:

(1) obtaining and reviewing the appropriate customer account documentation and financial information necessary for assessing the amount of credit extended to customers;

(2) the determination, review and approval of credit limits to each customer, and across all customers, utilizing a portfolio margin account;

(3) monitoring credit risk exposure to the TPH organization from portfolio margin accounts, on both an intra-day and end of day basis, including the type, scope and frequency of reporting to senior management;

(4) the use of stress testing of portfolio margin accounts in order to monitor market risk exposure from individual accounts and in the aggregate;

(5) the regular review and testing of these risk analysis procedures by an independent unit such as internal audit or other comparable group;

(6) managing the impact of credit extension on the TPH organization's overall risk exposure;

(7) the appropriate response by management when limits on credit extensions have been exceeded;

(8) determining the need to collect additional margin from a particular eligible participant, including whether that determination was based upon the creditworthiness of the participant and/or the risk of the eligible position(s); and

(9) monitoring the credit exposure resulting from concentrated positions within both individual portfolio margin accounts and across all portfolio margin accounts.

Moreover, management must periodically review, in accordance with written procedures, the TPH organization's credit extension activities for consistency with these guidelines. Management must periodically determine if the data necessary to apply this Rule 7.8 is accessible on a timely basis and information systems are available to capture, monitor, analyze and report relevant data.

[Effective October 7, 2019 (SR-CBOE-2019-073)]

Rule 7.9. Regulatory Cooperation

(a) The Exchange may enter into agreements with domestic and foreign self-regulatory organizations, associations and contract markets, the regulators of such markets, and the Public Company Accounting Oversight Board, which provide for the exchange of information and other forms of mutual assistance for market surveillance, investigative, enforcement and other regulatory purposes.

(b) The Exchange may enter into one or more agreements with another self-regulatory organization to provide regulatory services to the Exchange to assist the Exchange in discharging its obligations under Section 6 and Section 19(g) of the Exchange Act. Any action taken by another self-regulatory organization, or its employees or authorized agents, acting on behalf of the Exchange pursuant to a regulatory services agreement shall be deemed to be an action taken by the Exchange; provided, however, that nothing in this provision shall affect the oversight of such other self-regulatory organization by the Commission. Notwithstanding the fact that the Exchange may enter

into one or more regulatory services agreements, the Exchange shall retain ultimate legal responsibility for, and control of, its self-regulatory responsibilities, and any such regulatory services agreement shall so provide.

(c) So long as a Trading Permit Holder or person associated with a Trading Permit Holder remains subject to the disciplinary jurisdiction of the Exchange as set forth in Rule 13.1, such Trading Permit Holder or person associated with a Trading Permit Holder shall be obligated to furnish testimony, documentary evidence or other information to the full extent provided in Rule 13.2(b), whether or not an investigation has been initiated by the Exchange against any person pursuant to Rule 13.2(a), if such information is requested by the Exchange in connection with any inquiry resulting from an agreement entered into by the Exchange pursuant to paragraphs (a) or (b) of this Rule. Whenever information is requested by the Exchange pursuant to this Rule, the Trading Permit Holder or person associated with a Trading Permit Holder from whom the information is requested shall have the same rights and procedural protections in responding to such request as such person would have in the case of any other request for information initiated by the Exchange pursuant to Rule 13.2(b).

[Effective October 7, 2019 (SR-CBOE-2019-073)]

Rule 7.10. Fingerprint-Based Background Checks of Exchange Directors, Officers, Employees and Others

(a) In order to enhance the security of the facilities, systems, data, and records of the Exchange (collectively, "facilities and records"), the Exchange conducts fingerprint-based criminal records checks of (1) directors, officers and employees of the Exchange, and (2) temporary personnel, independent contractors, consultants, vendors and service providers who have or are anticipated to have access to its facilities and records (collectively, "contractors"). The Exchange also conducts fingerprint-based criminal records checks of Exchange director candidates that are not already serving on the Exchange's Board before they are formally nominated and of employee candidates after an offer of employment has been made by the Exchange. The Exchange may choose to not obtain fingerprints from, or to seek fingerprint- based information with respect to, any contractor due to that contractor's limited, supervised, or restricted access to facilities and records, or the nature or location of his or her work or services, or if the contractor's employer conducts fingerprint based criminal records checks of its personnel.

(b) The Exchange shall submit fingerprints obtained pursuant to this rule to the Attorney General of the United States or his or her designee for identification and processing. The Exchange shall at all times maintain the security of all fingerprints provided to, and all criminal history record information received from, the Attorney General or his or her designee. The Exchange shall redisseminate fingerprints and criminal history record information only to the extent permitted by applicable law.

(c) The Exchange shall evaluate information received from the Attorney General or his or her designee and otherwise administer this rule in accordance with Exchange fingerprint procedures as in effect from time to time and the provisions of applicable law. Fingerprint- based criminal record information that reflects felony or misdemeanor convictions will be a factor in making

employment decisions; engaging or retaining any contractors; or permitting any fingerprinted person access to facilities and records.

(d) Any employee who refuses to submit to fingerprinting will be subject to progressive discipline up to and including the termination of employment. Any person who is given an offer of employment with the Exchange who refuses to submit to fingerprinting will have the offer withdrawn. A contractor who refuses to submit to fingerprinting will be denied access to facilities and records.

[Effective October 7, 2019 (SR-CBOE-2019-073)]

SECTION B. CONSOLIDATED AUDIT TRAIL COMPLIANCE RULE

Rule 7.20. Definitions

For purposes of this Section B to Chapter 7:

(a) "Account Effective Date" means:

(1) with regard to those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution:

(A) when the trading relationship was established prior to commencement of Phase 2c or Phase 2d (as applicable depending on whether the account involves Eligible Securities that are equities or options), either

(i) the date the relationship identifier was established within the Industry Member;

(ii) the date when trading began (i.e., the date the first order was received) using the relevant relationship identifier; or

(iii) if both dates are available, the earlier date will be used to the extent that the dates differ; or

(B) when the trading relationship was established on or after commencement of Phase 2c or Phase 2d (as applicable depending on whether the account involves Eligible Securities that are equities or options), the date the Industry Member established the relationship identifier, which would be no later than the date the first order was received;

(2) where an Industry Member changes back office providers or clearing firms prior to commencement of Phase 2c or Phase 2d (as applicable depending on whether the account involves Eligible Securities that are equities or options), the date an account was established at the relevant Industry Member, either directly or via transfer;

(3) where an Industry Member acquires another Industry Member prior to commencement of Phase 2c or Phase 2d (as applicable depending on whether the account involves Eligible Securities that are equities or options), the date an account was established at the relevant Industry Member, either directly or via transfer;

(4) where there are multiple dates associated with an account established prior to commencement of Phase 2c or Phase 2d (as applicable depending on whether the account involves Eligible Securities that are equities or options), the earliest available date; or

(5) with regard to Industry Member proprietary accounts established prior to commencement of Phase 2c or Phase 2d (as applicable depending on whether the account involves Eligible Securities that are equities or options):

(A) the date established for the account in the Industry Member or in a system of the Industry Member or

(B) the date when proprietary trading began in the account (i.e., the date on which the first orders were submitted from the account).

With regard to subparagraphs (a)(2) through (5), the Account Effective Date will be no later than the date trading occurs at the Industry Member or in the Industry Member's system.

(b) "Active Accounts" means an account that has had activity in Eligible Securities within the last six months.

(c) "Allocation Report" means a report made to the Central Repository by an Industry Member that identifies the Firm Designated ID for any account(s), including subaccount(s), to which executed shares are allocated and provides the security that has been allocated, the identifier of the firm reporting the allocation, the price per share of shares allocated, the side of shares allocated, the number of shares allocated to each account, and the time of the allocation; provided, for the avoidance of doubt, any such Allocation Report shall not be required to be linked to particular orders or executions.

(d) "ATS" means an alternative trading system, as defined in Rule 300(a)(1) of Regulation ATS under the Exchange Act.

(e) "Business Clock" means a clock used to record the date and time of any Reportable Event required to be reported under this Section B.

(f) "CAT" means the consolidated audit trail contemplated by SEC Rule 613.

(g) "CAT NMS Plan" means the National Market System Plan Governing the Consolidated Audit Trail, as amended from time to time.

(h) "CAT-Order-ID" means a unique order identifier or series of unique order identifiers that allows the Central Repository to efficiently and accurately link all Reportable Events for an order, and all orders that result from the aggregation or disaggregation of such order.

(i) "CAT Reporting Agent" means a Data Submitter that is a third party that enters into an agreement with an Industry Member pursuant to which the CAT Reporting Agent agrees to fulfill such Industry Member's reporting obligations under this Section B.

(j) "Central Repository" means the repository responsible for the receipt, consolidation, and retention of all information reported to the CAT pursuant to SEC Rule 613 and the CAT NMS Plan.

(k) "Compliance Threshold" has the meaning set forth in Rule 7.30(d).

(l) "Customer" means:

(1) the account holder(s) of the account at an Industry Member originating the order; and

(2) any person from whom the Industry Member is authorized to accept trading instructions for such account, if different from the account holder(s).

(m) "Customer Account Information" shall include, but not be limited to, account type, customer type, date account opened, and large trader identifier (if applicable); except, however, that:

(1) in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will:

(A) provide the Account Effective Date in lieu of the "date account opened"; and

(B) identify the "account type" as a "relationship"; or

(2) in those circumstances in which the relevant account was established prior to commencement of Phase 2c or Phase 2d (as applicable depending on whether the account involves Eligible Securities that are equities or options), and no "date account opened" is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances:

(A) where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system;

(B) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system;

(C) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and

(D) where the relevant account is an Industry Member proprietary account.

(n) "Customer Identifying Information" means information of sufficient detail to identify a Customer, including, but not limited to:

(1) with respect to individuals: name, address, year of birth, individual's role in the account (e.g., primary holder, joint holder, guardian, trustee, person with the power of attorney); and

(2) with respect to legal entities: name, address, Employer Identification Number ("EIN")/Legal Entity Identifier ("LEI") or other comparable common entity identifier, if applicable; provided, however, that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to identify a Customer.

(o) "Data Submitter" means any person that reports data to the Central Repository, including national securities exchanges, national securities associations, broker-dealers, the SIPs for the CQS, CTA, UTP Plans and the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information ("OPRA"), and certain other vendors or third parties that may submit data to the Central Repository on behalf of Industry Members.

(p) "Eligible Security" includes (1) all NMS Securities and (2) all OTC Equity Securities.

(q) "Error Rate" means the percentage of Reportable Events collected by the Central Repository in which the data reported does not fully and accurately reflect the order event that occurred in the market.

(r) "Firm Designated ID" means (1) a unique and persistent identifier for each trading account designated by Industry Members for purposes of providing data to the Central Repository, provided, however, such identifier may not be the account number for such trading account if the trading account is not a proprietary account; (2) a unique and persistent relationship identifier when an Industry Member does not have an account number available to its order handling and/or execution system at the time of order receipt, provided, however, such identifier must be masked; or (3) a unique and persistent entity identifier when an employee of an Industry Member is exercising discretion over multiple client accounts and creates an aggregated order for which a trading account number of the Industry Member is not available at the time of order origination, where each such identifier is unique among all identifiers from any given Industry Member.

(s) "Industry Member" means a member of a national securities exchange or a member of a national securities association.

(t) "Industry Member Data" has the meaning set forth in Rule 7.22(a)(2).

(1) "Phase 2a Industry Member Data" means Industry Member Data required to be reported to the Central Repository commencing in Phase 2a.

(2) "Phase 2b Industry Member Data" means Industry Member Data required to be reported to the Central Repository commencing in Phase 2b.

(3) "Phase 2c Industry Member Data" means Industry Member Data required to be reported to the Central Repository commencing in Phase 2c.

(4) "Phase 2d Industry Member Data" means Industry Member Data required to be reported to the Central Repository commencing in Phase 2d.

(5) "Phase 2e Industry Member Data" means Industry Member Data required to be reported to the Central Repository commencing in Phase 2e. The full scope of Industry Member Data required by the CAT NMS Plan will be required to be reported to the CAT when Phase 2e has been implemented, subject to any applicable exemptive relief or amendments to the CAT NMS Plan.

(u) "Initial Plan Processor" means the first Plan Processor selected by the Operating Committee in accordance with SEC Rule 613, Section 6.1 of the CAT NMS Plan and the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail.

(v) "Introducing Industry Member" means a broker-dealer that does not qualify as a Small Industry Member solely because such broker-dealer satisfies Rule 0-10(i)(2) under the Exchange Act in that it introduces transactions on a fully disclosed basis to clearing firms that are not small businesses or small organizations.

(w) "Listed Option" or "Option" has the meaning set forth in Rule 600(b)(35) of Regulation NMS.

(x) "Manual Order Event" means a non-electronic communication of order-related information for which Industry Members must record and report the time of the event.

(y) "Material Terms of the Order" includes: the NMS Security or OTC Equity Security symbol; security type; price (if applicable); size (displayed and non-displayed); side (buy/sell); order type; if a sell order, whether the order is long, short, short exempt; open/close indicator (except on transactions in equities); time in force (if applicable); if the order is for a Listed Option, option type (put/call), option symbol or root symbol, underlying symbol, strike price, expiration date, and open/close (except on market maker quotations); and any special handling instructions.

(z) "NMS Security" means any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in Listed Options.

(aa) "NMS Stock" means any NMS Security other than an option.

(bb) "Operating Committee" means the governing body of the CAT NMS, LLC designated as such and described in Article IV of the CAT NMS Plan.

(cc) "Options Market Maker" means a broker-dealer registered with an exchange for the purpose of making markets in options contracts traded on the exchange.

(dd) "Order" or "order", with respect to Eligible Securities, shall include:

(1) any order received by an Industry Member from any person;

(2) any order originated by an Industry Member; or

(3) any bid or offer.

(ee) "OTC Equity Security" means any equity security, other than an NMS Security, subject to prompt last sale reporting rules of a registered national securities association and reported to one of such association's equity trade reporting facilities.

(ff) "Participant" means each Person identified as such in Exhibit A of the CAT NMS Plan, as amended, in such Person's capacity as a Participant in CAT NMS, LLC.

(gg) "Person" means any individual, partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association and any heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so permits.

(hh) "Plan Processor" means the Initial Plan Processor or any other Person selected by the Operating Committee pursuant to SEC Rule 613 and Sections 4.3(b)(i) and 6.1 of the CAT NMS Plan, and with regard to the Initial Plan Processor, the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail, to perform the CAT processing functions required by SEC Rule 613 and set forth in the CAT NMS Plan.

(ii) "Received Industry Member Data" has the meaning set forth in Rule 7.22(a)(2).

(jj) "Recorded Industry Member Data" has the meaning set forth in Rule 7.22(a)(1).

(kk) "Reportable Event" includes, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order.

(ll) "SRO" means any self-regulatory organization within the meaning of Section 3(a)(26) of the Exchange Act.

(mm) "SRO-Assigned Market Participant Identifier" means an identifier assigned to an Industry Member by an SRO or an identifier used by a Participant.

(nn) "Small Industry Member" means an Industry Member that qualifies as a small broker-dealer as defined in Rule 0-10(c) under the Exchange Act.

(oo) "Trading Day" shall have the meaning as is determined by the Operating Committee. For the avoidance of doubt, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47)), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time.

(pp) “Transformed Value for individual tax payer identification number ("ITIN")/social security number ("SSN")” means the interim value created by an Industry Member based on a Customer ITIN/SSN.

[Effective October 7, 2019 (SR-CBOE-2019-073); amended June 24, 2020 (SR-CBOE-2020-059); amended July 31, 2020 (SR-CBOE-2020-073)]

Rule 7.21. Clock Synchronization

(a) *Clock Synchronization*.

(1) Each Industry Member shall synchronize its Business Clocks, other than such Business Clocks used solely for Manual Order Events or used solely for the time of allocation on Allocation Reports, at a minimum to within a 50 millisecond tolerance of the time maintained by the atomic clock of the National Institute of Standards and Technology (“NIST”), and maintain such synchronization.

(2) Each Industry Member shall synchronize (A) its Business Clocks used solely for Manual Order Events and (B) its Business Clocks used solely for the time of allocation on Allocation Reports at a minimum to within a one second tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization.

(3) The tolerance for subparagraphs (a)(1) and (2) of this Rule includes all of the following:

(A) the difference between the NIST atomic clock and the Industry Member’s Business Clock;

(B) the transmission delay from the source; and

(C) the amount of drift of the Industry Member’s Business Clock.

(4) Business Clocks must be synchronized every business day before the open of each trading session to ensure that time stamps for Reportable Events are accurate. To maintain clock synchronization, Business Clocks must be checked against the NIST atomic clock and re- synchronized, as necessary, throughout the day.

(b) *Documentation*. Industry Members must document and maintain their synchronization procedures for Business Clocks. Industry Members must keep a log of the times when they synchronize their Business Clocks and the results of the synchronization process. This log should include notice of any time a Business Clock drifts more than the applicable tolerance specified in paragraph (a) of this Rule. Such log must include results for a period of not less than five years ending on the then current date, or for the entire period for which the Industry Member has been required to comply with this Rule if less than five years.

(c) *Certification*. Each Industry Member shall certify to the Exchange that its Business Clocks satisfy the synchronization requirements set forth in paragraph (a) of this Rule periodically in accordance with the certification schedule established by the Operating Committee pursuant to the CAT NMS Plan.

(d) *Violation Reporting*. Each Industry Member with Business Clocks must report to the Plan Processor and the Exchange violations of paragraph (a) of this Rule pursuant to the thresholds set by the Operating Committee pursuant to the CAT NMS Plan.

[Effective October 7, 2019 (SR-CBOE-2019-073)]

Rule 7.22. Industry Member Data Reporting

(a) *Recording and Reporting Industry Member Data*.

(1) Subject to subparagraph (a)(3) below, each Industry Member shall record and electronically report to the Central Repository the following details for each order and each Reportable Event, as applicable ("Recorded Industry Member Data"), in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

(A) for original receipt or origination of an order:

(i) Firm Designated ID(s) for each Customer;

(ii) CAT-Order-ID;

(iii) SRO-Assigned Market Participant Identifier of the Industry Member receiving or originating the order;

(iv) date of order receipt or origination;

(v) time of order receipt or origination (using time stamps pursuant to Rule 7.25); and

(vi) Material Terms of the Order;

(vii) the unique identification of any appropriate information barriers in place at the department within the Industry Member where the order was received or originated;

(viii) any request by a Customer that a limit order not be displayed, or that a block size limit order be displayed, pursuant to applicable rules;

(ix) the nature of the department or desk that originated the order, or received the order from a Customer;

(x) the type of account holder for which the order is submitted; and

(xi) for an Industry Member that operates an ATS:

(A) the ATS's unique identifier for the order type of the order;

(B) the National Best Bid and National Best Offer (or relevant reference price) at the time of order receipt or origination, and the

date and time at which the ATS recorded such National Best Bid and National Best Offer (or relevant reference price);

(C) the identification of the market data feed used by the ATS to record the National Best Bid and National Best Offer (or relevant reference price) for purposes of subparagraph (xi)(B). If for any reason, the ATS uses an alternative market data feed than what was reported on its ATS data submission, the ATS must provide notice to the Central Repository of the fact that an alternative source was used, identify the alternative source, and specify the date(s), time(s) and securities for which the alternative source was used;

(D) the sequence number assigned to the receipt or origination of the order by the ATS's matching engine;

(E) whether the ATS displays subscriber orders outside the ATS (other than to alternative trading system employees). If an ATS does display subscriber orders outside the ATS (other than to alternative trading system employees), indicate whether the order is displayed to subscribers only or through publicly disseminated quotation data.

(B) for the routing of an order:

(i) CAT-Order-ID;

(ii) date on which the order is routed;

(iii) time at which the order is routed (using time stamps pursuant to Rule 7.25);

(iv) SRO-Assigned Market Participant Identifier of the Industry Member routing the order;

(v) SRO-Assigned Market Participant Identifier of the Industry Member or Participant to which the order is being routed;

(vi) if routed internally at the Industry Member, the identity and nature of the department or desk to which the order is routed, and the unique identification of any appropriate information barriers in place at the department within the Industry Member to which the order was transmitted;

(vii) Material Terms of the Order; and

(viii) for Industry Members that operate ATSs, the sequence number assigned to the routing of the order by the ATS's matching engine.

(C) for the receipt of an order that has been routed, the following information:

(i) CAT-Order-ID;

(ii) date on which the order is received;

(iii) time at which the order is received (using time stamps pursuant to Rule 7.25);

(iv) SRO-Assigned Market Participant Identifier of the Industry Member receiving the order;

(v) SRO-Assigned Market Participant Identifier of the Industry Member or Participant routing the order;

(vi) Material Terms of the Order;

(vii) the unique identification of any appropriate information barriers in place at the department within the Industry Member which received the order;

(viii) the nature of the department or desk that received the order;

(ix) any request by a Customer that a limit order not be displayed, or that a block size limit order be displayed, pursuant to applicable rules; and

(x) for an Industry Member that operates an ATS:

(a) the ATS's unique identifier for the order type of the order;

(b) the National Best Bid and National Best Offer (or relevant reference price) at the time of order receipt, and the date and time at which the ATS recorded such National Best Bid and National Best Offer (or relevant reference price);

(c) the identification of the market data feed used by the ATS to record the National Best Bid and National Best Offer (or relevant reference price) for purposes of subparagraph (x)(b). If for any reason, the ATS uses an alternative market data feed than what was reported on its ATS data submission, the ATS must provide notice to the Central Repository of the fact that an alternative source was used, identify the alternative source, and specify the date(s), time(s) and securities for which the alternative source was used;

(d) the sequence number assigned to the receipt of the order by the ATS's matching engine;

(e) whether the ATS displays subscriber orders outside the ATS (other than to alternative trading system employees). If an ATS does display subscriber orders outside the ATS (other than to alternative

trading system employees), indicate whether the order is displayed to subscribers only or through publicly disseminated quotation data.

(D) if the order is modified or cancelled:

(i) CAT-Order-ID;

(ii) date the modification or cancellation is received or originated;

(iii) time at which the modification or cancellation is received or originated (using time stamps pursuant to Rule 7.25);

(iv) price and remaining size of the order, if modified;

(v) other changes in the Material Terms of the Order, if modified;

(vi) whether the modification or cancellation instruction was given by the Customer or was initiated by the Industry Member;

(vii) the unique identification of any appropriate information barriers at the department within the Industry Member which received or originated the modification;

(viii) any request by a Customer that a limit order not be displayed, or that a block size limit order be displayed, pursuant to applicable rules;

(ix) for an Industry Member that operates an ATS:

(a) the ATS's unique identifier for the order type of the order;

(b) the National Best Bid and National Best Offer (or relevant reference price) at the time of order modification or cancellation, and the date and time at which the ATS recorded such National Best Bid and National Best Offer (or relevant reference price);

(c) the identification of the market data feed used by the ATS to record the National Best Bid and National Best Offer (or relevant reference price) for purposes of subparagraph (ix)(b). If for any reason, the ATS uses an alternative market data feed than what was reported on its ATS data submission, the ATS must provide notice to the Central Repository of the fact that an alternative source was used, identify the alternative source, and specify the date(s), time(s) and securities for which the alternative source was used;

(d) the sequence number assigned to the modification or cancellation of the order by the ATS's matching engine;

(e) each time the ATS's matching engine re-prices an order or changes the display quantity of an order, the time of such modification and the applicable new price or size.

(E) if the order is executed, in whole or in part:

(i) CAT-Order-ID;

(ii) date of execution;

(iii) time of execution (using time stamps pursuant to Rule 7.25);

(iv) execution capacity (principal, agency or riskless principal);

(v) execution price and size;

(vi) SRO-Assigned Market Participant Identifier of the Industry Member executing the order;

(vii) whether the execution was reported pursuant to an effective transaction reporting plan or OPRA; and

(viii) for Industry Members that operate ATSs:

(a) the National Best Bid and National Best Offer (or relevant reference price) at the time of execution, and the date and time at which the ATS recorded such National Best Bid and National Best Offer (or relevant reference price);

(b) the identification of the market data feed used by the ATS to record the National Best Bid and National Best Offer (or relevant reference price) for purposes of subparagraph (viii)(a). If for any reason, the ATS uses an alternative market data feed than what was reported on its ATS data submission, the ATS must provide notice to the Central Repository of the fact that an alternative source was used, identify the alternative source, and specify the date(s), time(s) and securities for which the alternative source was used; and

(c) the sequence number assigned to the execution of the order by the ATS's matching engine; and

(F) other information or additional events as may be prescribed pursuant to the CAT NMS Plan.

(2) Subject to subparagraph (a)(3) below, each Industry Member shall record and report to the Central Repository the following, as applicable ("Received Industry Member Data" and, collectively with the information referred to in subparagraph (a)(1), "Industry Member

Data")), in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

(A) if the order is executed, in whole or in part:

(i) Allocation Report;

(ii) SRO-Assigned Market Participant Identifier of the clearing broker or prime broker, if applicable; and

(iii) CAT-Order-ID of any contra-side order(s);

(B) if the trade is cancelled, a cancelled trade indicator;

(C) for original receipt or origination of an order, the Firm Designated ID for the relevant Customer, Transformed Value for individual tax payer identification number ("ITIN")/social security number ("SSN"), and in accordance with Rule 7.23, Customer Account Information and Customer Identifying Information for the relevant Customer;

(D) An Industry Member that operates an ATS must provide to the Central Repository:

(i) a list of all of its order types twenty (20) days before such order types become effective; and

(ii) any changes to its order types twenty (20) days before such changes become effective.

An identifier shall not be required for market and limit orders that have no other special handling instructions; and

(E) If an Industry Member is required to submit and submits a trade report for a trade, and, if the trade is cancelled, a cancellation, to one of FINRA's Trade Reporting Facilities, OTC Reporting Facility or Alternative Display Facility pursuant to applicable SRO rules, and the Industry Member is required to report the corresponding execution and/or cancellation to the Central Repository:

(i) the Industry Member is required to report to the Central Repository the trade identifier reported by the Industry Member to such FINRA facility for the trade when the Industry Member reports the execution of an order pursuant to Rule 7.22(a)(1)(E) or cancellation of an order pursuant to Rule 7.22(a)(1)(D) beginning June 22, 2020 for Large Industry Members and Small Industry OATS Reporters and beginning December 13, 2021 for Small Industry Non-OATS Reporters, and such trade identifier must be unique beginning October 26, 2020 for Large Industry Members and Small Industry OATS Reporters and beginning December 13, 2021 for Small Industry Non-OATS Reporters;

(ii) if the order is executed in whole or in part, and the Industry Member submits the trade report to one of FINRA's Trade Reporting Facilities, OTC Reporting Facility or Alternative Display Facility pursuant to applicable SRO rules, the Industry Member is not required to submit the SRO-Assigned Market Participant Identifier of the clearing broker pursuant to Rule 7.22(a)(2)(A)(ii); provided, however, if the Industry Member does not report the clearing number of the clearing broker to such FINRA facility for a trade, or does not report the unique trade identifier to the Central Repository as required by Rule 7.22(a)(2)(E)(i), then the Industry Member would be required to record and report to the Central Repository the clearing number of the clearing broker as well as information about the contra party to the trade beginning April 26, 2021 for Large Industry Members and Small Industry OATS Reporters and beginning December 13, 2021 for Small Industry Non-OATS Reporters; and

(iii) if the trade is cancelled and the Industry Member submits the cancellation to one of FINRA's Trade Reporting Facilities, OTC Reporting Facility or Alternative Display Facility pursuant to applicable SRO rules, the Industry Member is not required to submit the cancelled trade indicator pursuant to Rule 7.22(a)(2)(B); provided, however, if the Industry Member does not report a cancellation for a canceled trade to such FINRA facility, or does not report the unique trade identifier as required by Rule 7.22(a)(2)(E)(i), then the Industry Member would be required to record and report to the Central Repository a cancelled trade indicator as well as a cancelled trade timestamp beginning June 22, 2020 for Large Industry Members and Small Industry OATS Reporters and beginning December 13, 2021 for Small Industry Non-OATS Reporters.

(3) Each Industry Member that is an Options Market Maker is not required to report to the Central Repository the Industry Member Data regarding the routing, modification or cancellation of its quotes in Listed Options. Each Industry Member that is an Options Market Maker shall report to the Exchange the time at which its quote in a Listed Option is sent to the Exchange (and, if applicable, any subsequent quote modification time and/or cancellation time when such modification or cancellation is originated by the Options Market Maker).

(b) *Timing of Recording and Reporting*.

(1) Each Industry Member shall record Recorded Industry Member Data contemporaneously with the applicable Reportable Event.

(2) Each Industry Member shall report:

(A) Recorded Industry Member Data to the Central Repository by 8:00 a.m. on the Trading Day following the day the Industry Member records such Recorded Industry Member Data; and

(B) Received Industry Member Data to the Central Repository by 8:00 a.m. on the Trading Day following the day the Industry Member receives such Received Industry Member Data.

(3) Industry Members may, but are not required to, voluntarily report Industry Member Data prior to the applicable 8:00 a.m. deadline.

(c) *Applicable Securities.*

(1) Each Industry Member shall record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of this Rule for each NMS Security registered or listed for trading on an exchange or admitted to unlisted trading privileges on an exchange.

(2) Each Industry Member shall record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of this Rule for each Eligible Security for which transaction reports are required to be submitted to a national securities association.

(d) *Security Symbology*.

(1) For each exchange-listed Eligible Security, each Industry Member shall report Industry Member Data to the Central Repository using the symbology format of the exchange listing the security.

(2) For each Eligible Security that is not exchange-listed, each Industry Member shall report Industry Member Data to the Central Repository using such symbology format as approved by the Operating Committee pursuant to the CAT NMS Plan.

(e) *Error Correction*. For each Industry Member for which errors in Industry Member Data submitted to the Central Repository have been identified by the Plan Processor or otherwise, such Industry Member shall submit corrected Industry Member Data to the Central Repository by 8:00 a.m. on T+3.

(f) Each Industry Member that operates an ATS that trades OTC Equity Securities shall provide to the Central Repository;

(1) the best bid and best offer for each OTC Equity Security traded on such ATS;

(2) an indication of whether each bid and offer for OTC Equity Securities was solicited or unsolicited; and

(3) the unpriced bids and offers for each OTC Equity Security traded on such ATS.

[Effective October 7, 2019 (SR-CBOE-2019-073); amended June 24, 2020 (SR-CBOE-2020-059)]

Rule 7.23. Customer Information Reporting

(a) *Initial Set of Customer Information*. Each Industry Member shall submit to the Central Repository the Firm Designated ID, the Transformed Value for individual tax payer identification number ("ITIN")/social security number ("SSN"), Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 7.28.

(b) *Daily Updates to Customer Information*. Each Industry Member shall submit to the Central Repository any updates, additions or other changes to the Firm Designated ID, the Transformed Value for individual tax payer identification number ("ITIN")/social security number ("SSN"), Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account on a daily basis.

(c) *Periodic Updates to Complete Set of Customer Information*. On a periodic basis as designated by the Plan Processor and approved by the Operating Committee, each Industry Member shall submit to the Central Repository a complete set of Firm Designated IDs, the Transformed Value for individual tax payer identification number ("ITIN")/social security number ("SSN"), Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account.

(d) *Error Correction*. For each Industry Member for which errors in Firm Designated ID, the Transformed Value for individual tax payer identification number ("ITIN")/social security number ("SSN"), Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account submitted to the Central Repository have been identified by the Plan Processor or otherwise, such Industry Member shall submit corrected data to the Central Repository by 5:00 p.m. on T+3.

[Effective October 7, 2019 (SR-CBOE-2019-073); amended June 24, 2020 (SR-CBOE-2020-059)]

Rule 7.24. Industry Member Information Reporting

Each Industry Member shall submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 7.28, and keep such information up to date as necessary.

[Effective October 7, 2019 (SR-CBOE-2019-073)]

Rule 7.25. Time Stamps

(a) *Millisecond Time Stamps*.

(1) Subject to subparagraph (a)(2) and paragraph (b), each Industry Member shall record and report Industry Member Data to the Central Repository with time stamps in milliseconds.

(2) Subject to paragraph (b), to the extent that any Industry Member's order handling or execution systems utilize time stamps in increments finer than milliseconds, such Industry Member shall record and report Industry Member Data to the Central Repository with time stamps in such finer increment up to nanoseconds; provided, that Industry Members that capture timestamps in increments more granular than nanoseconds must truncate the timestamps after the nanosecond level for submission to CAT, rather than rounding such timestamps up or down, until April 8, 2025.

(b) *One Second Time Stamps/Electronic Order Capture*.

(1) Each Industry Member may record and report Manual Order Events to the Central Repository in increments up to and including one second, provided that each Industry Member shall record and report the time when a Manual Order Event has been captured electronically in an order handling and execution system of such Industry Member (i.e. electronic capture time) in milliseconds; and

(2) Each Industry Member may record and report the time of Allocation Reports in increments up to and including one second.

[Effective October 7, 2019 (SR-CBOE-2019-073); amended June 24, 2020 (SR-CBOE-2020-059)]

Rule 7.26. Clock Synchronization Rule Violation

An Industry Member that engages in a pattern or practice of reporting Reportable Events outside of the required clock synchronization time period as set forth in this Section B without reasonable justification or exceptional circumstances may be considered in violation of this Rule.

[Effective October 7, 2019 (SR-CBOE-2019-073)]

Rule 7.27. Connectivity and Data Transmission

(a) *Data Transmission*. Each Industry Member shall transmit data as required under the CAT NMS Plan to the Central Repository utilizing such format(s) as may be provided by the Plan Processor and approved by the Operating Committee.

(b) *Connectivity*. Each Industry Member shall connect to the Central Repository using a secure method(s), including but not limited to private line(s) and virtual private network connection(s).

(c) *CAT Reporting Agents*.

(1) Any Industry Member may enter into an agreement with a CAT Reporting Agent pursuant to which the CAT Reporting Agent agrees to fulfill the obligations of such Industry Member under this Section B. Any such agreement shall be evidenced in writing, which shall specify the respective functions and responsibilities of each party to the agreement that are required to effect full compliance with the requirements of this Section B.

(2) All written documents evidencing an agreement described in subparagraph (c)(1) shall be maintained by each party to the agreement.

(3) Each Industry Member remains primarily responsible for compliance with the requirements of this Section B, notwithstanding the existence of an agreement described in this paragraph.

[Effective October 7, 2019 (SR-CBOE-2019-073)]

Rule 7.28. Development and Testing

(a) *Development*.

(1) Industry Member file submission and data integrity testing for Phases 2a and 2b shall begin in December 2019.

(2) Industry Member testing of the Reporter Portal, including data integrity error correction tools and data submissions, shall begin in February 2020.

(3) The Industry Member test environment shall open with intra-firm linkage validations to Industry Members for both Phases 2a and 2b in April 2020.

(4) The Industry Member test environment shall open to Industry Members with inter-firm linkage validations for both Phases 2a and 2b in July 2020.

(5) The Industry Member test environment shall open to Industry Members with Phase 2c functionality (full representative order linkages) in January 2021.

(6) The Industry Member test environment shall open to Industry Members with Phase 2d functionality (manual options orders, complex options orders, and options allocations) in June 2021.

(7) Participant exchanges that support options market making quoting shall begin accepting Quote Sent Time on quotes from Industry Members no later than April 2020.

(8) The Industry Member test environment (customer and account information) will be open to Industry Members in January 2022.

(b) *Testing*. Each Industry Member shall participate in testing related to the Central Repository, including any industry-wide disaster recovery testing, pursuant to the schedule established pursuant to the CAT NMS Plan.

[Effective October 7, 2019 (SR-CBOE-2019-073); amended June 24, 2020 (SR-CBOE-2020-059)]

Rule 7.29. Recordkeeping

Each Industry Member shall maintain and preserve records of the information required to be recorded under this Section B for the period of time and accessibility specified in SEC Rule 17a-4(b). The records required to be maintained and preserved under this Rule may be immediately produced or reproduced on "micrographic media" as defined in SEC Rule 17a-4(f)(1)(i) or by means of "electronic storage media" as defined in SEC Rule 17a-4(f)(1)(ii) that meet the conditions set forth in SEC Rule 17a-4(f) and be maintained and preserved for the required time in that form.

[Effective October 7, 2019 (SR-CBOE-2019-073)]

Rule 7.30. Timely, Accurate and Complete Data

(a) *General*. Industry Members are required to record and report data to the Central Repository as required by this Section B in a manner that ensures the timeliness, accuracy, integrity and completeness of such data.

(b) *LEIs*. Without limiting the requirement set forth in paragraph (a), Industry Members are required to accurately provide the LEIs in their records as required by this Section B and may not knowingly submit inaccurate LEIs to the Central Repository; provided, however, that this requirement does not impose any additional due diligence obligations on Industry Members with regard to LEIs for CAT purposes.

(c) *Compliance with Error Rate*. If an Industry Member reports data to the Central Repository with errors such that the error percentage exceeds the maximum Error Rate established by the Operating Committee pursuant to the CAT NMS Plan, then such Industry Member would not be in compliance with this Section B.

(d) *Compliance Thresholds*. Each Industry Member shall be required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT (the "Compliance Thresholds"). Compliance Thresholds will compare an Industry Member's error rate to the aggregate Error Rate over a period of time to be defined by the Operating Committee. An Industry Member's performance with respect to its Compliance Threshold will not signify, as a matter of law, that such Industry Member has violated this Section B.

[Effective October 7, 2019 (SR-CBOE-2019-073)]

Rule 7.31. Compliance Dates

(a) *General*. Except as set forth in paragraphs (b) and (c) of this Rule or otherwise set forth in this Section B, the Rules in this Section B are effective.

(b) *Clock Synchronization*.

(1) Each Industry Member shall comply with Rule 7.21 with regard to Business Clocks that capture time in milliseconds commencing on or before March 15, 2017.

(2) Each Industry Member shall comply with Rule 7.21 with regard to Business Clocks that do not capture time in milliseconds commencing on or before February 19, 2018 (pending approval of exemptive relief regarding the compliance date for Business Clocks that do not capture time in milliseconds).

(c) *CAT Data Reporting*.

(1) Each Industry Member (other than a Small Industry Member) shall comply with the Rules regarding recording and reporting the Industry Member Data to the Central Repository as follows:

(A) Phase 2a Industry Member Data by June 22, 2020;

(B) Phase 2b Industry Member Data by July 20, 2020;

(C) Phase 2c Industry Member Data by April 26, 2021;

(D) Phase 2d Industry Member Data by December 13, 2021; and

(E) Phase 2e Industry Member Data by July 11, 2022.

(2) Each Industry Member that is a Small Industry Member shall comply with the Rules regarding recording and reporting the Industry Member Data to the Central Repository as follows:

(A) Small Industry Members that are required to record or report information to FINRA's Order Audit Trail System pursuant to applicable SRO rules ("Small Industry OATS Reporter") to report to the Central Repository Phase 2a Industry Member Data by June 22, 2020.

(B) Small Industry Members that are not required to record or report information to FINRA's Order Audit Trail System pursuant to applicable SRO rules ("Small Industry Non-OATS Reporter") to report to the Central Repository Phase 2a Industry Member Data by December 13, 2021.

(C) Small Industry Members to report to the Central Repository Phase 2b Industry Member Data, Phase 2c Industry Member Data, and Phase 2d Industry Member Data by December 13, 2021; and

(D) Small Industry Members to report to the Central Repository Phase 2e Industry Member Data by July 11, 2022.

(3) Introducing Industry Members must comply with the requirements of the CAT NMS Plan applicable to Small Industry Members.

[Effective October 7, 2019 (SR-CBOE-2019-073); amended June 24, 2020 (SR-CBOE-2020-059)]

Rule 7.32. Fee Dispute Resolution

(a) *Definitions*.

(1) For purposes of this Rule, the terms "CAT NMS Plan", "Industry Member", "Operating Committee", and "Participant" are defined as set forth in Rule 7.20 (Consolidated Audit Trail (CAT) Compliance Rule – Definitions).

(2) "Subcommittee" means a subcommittee designated by the Operating Committee pursuant to the CAT NMS Plan.

(3) "CAT Fee" means any fees contemplated by the CAT NMS Plan and imposed on Industry Members pursuant to Exchange Rules.

(b) *Fee Dispute Resolution*. Disputes initiated by an Industry Member with respect to CAT Fees charged to such Industry Member, including disputes related to the designated tier and the fee calculated pursuant to such tier, shall be resolved by the Operating Committee, or a Subcommittee designated by the Operating Committee, of the CAT NMS Plan, pursuant to the Fee Dispute Resolution Procedures adopted pursuant to the CAT NMS Plan and set forth in paragraph (c) of this Rule. Decisions on such matters shall be binding on Industry Members, without prejudice to the rights of any such Industry Member to seek redress from the SEC or in any other appropriate forum.

(c) *Fee Dispute Resolution Procedures under the CAT NMS Plan*.

(1) *Scope of Procedures*. These Fee Dispute Resolution Procedures provide the procedure for Industry Members that dispute CAT Fees charged to such Industry Member, including disputes related to the designated tier and the fee calculated pursuant to such tier, to apply for an opportunity to be heard and to have the CAT Fees charged to such Industry Member reviewed.

(2) *Submission and Time Limitation on Application to CAT NMS, LLC ("Company")*. An Industry Member that disputes CAT Fees charged to such Industry Member and that desires to have an opportunity to be heard with respect to such disputed CAT Fees shall file a written application with the Company within 15 business days after being notified of such disputed CAT Fees. The application shall identify the disputed CAT Fees, state the specific reasons why the applicant takes exception to such CAT Fees, and set forth the relief sought. In addition, if the applicant intends to submit any additional documents, statements, arguments or other material in support of the application, the same should be so stated and identified.

(3) *Procedure Following Applications for Hearing*.

(A) *Fee Review Subcommittee*. The Company will refer applications for hearing and review promptly to the Subcommittee designated by the Operating Committee pursuant to Section 4.12 of the CAT NMS Plan with responsibility for conducting the reviews of CAT Fee disputes pursuant to these Fee Dispute Resolution Procedures. This Subcommittee will be referred to as the Fee Review

Subcommittee. The members of the Fee Review Subcommittee will be subject to the provisions of Section 4.3(d) of the CAT NMS Plan regarding recusal and Conflicts of Interest.

(B) *Record*. The Fee Review Subcommittee will keep a record of the proceedings.

(C) *Hearings and Documents*. The Fee Review Subcommittee will hold hearings promptly. The Fee Review Subcommittee will set a hearing date. The parties to the hearing (as described in subparagraph (c)(4)(A) below) shall furnish the Fee Review Subcommittee with all materials relevant to the proceedings at least 72 hours prior to the date of the hearing. Each party shall have the right to inspect and copy the other party's materials prior to the hearing.

(4) *Hearing and Decision*.

(A) *Parties*. The parties to the hearing shall consist of the applicant and a representative of the Company who shall present the reasons for the action taken by the Company that allegedly aggrieved the applicant.

(B) *Counsel*. The applicant is entitled to be accompanied, represented and advised by counsel at all stages of the proceedings.

(C) *Conduct of Hearing*. The Fee Review Subcommittee shall determine all questions concerning the admissibility of evidence and shall otherwise regulate the conduct of the hearing. Each of the parties shall be permitted to make an opening statement, present witnesses and documentary evidence, cross examine opposing witnesses and present closing arguments orally or in writing as determined by the Fee Review Subcommittee. The Fee Review Subcommittee also shall have the right to question all parties and witnesses to the proceeding. The Fee Review Subcommittee shall keep a record of the hearing. The formal rules of evidence shall not apply.

(D) *Decision*. The Fee Review Subcommittee shall set forth its decision in writing and send the written decision to the parties to the proceeding. Such decisions shall contain the reasons supporting the conclusions of the Fee Review Subcommittee.

(5) *Review*.

(A) *Petition*. The decision of the Fee Review Subcommittee shall be subject to review by the Operating Committee either on its own motion within 20 business days after issuance of the decision or upon written request submitted by the applicant within 15 business days after issuance of the decision. The applicant's petition shall be in writing and specify the findings and conclusions to which the applicant objects, together with the reasons for such objections. Any objection to a decision not specified in writing shall be considered to have been abandoned and may be disregarded. Parties may petition to submit a written argument to the Operating Committee and may request an opportunity to make an oral argument

before the Operating Committee. The Operating Committee shall have sole discretion to grant or deny either request.

(B) *Conduct of Review*. The Operating Committee shall conduct the review. The review shall be made upon the record and shall be made after such further proceedings, if any, as the Operating Committee may order. Based upon such record, the Operating Committee may affirm, reverse or modify, in whole or in part, the decision of the Fee Review Subcommittee. The decision of the Operating Committee shall be in writing, shall be sent to the parties to the proceeding and shall be final.

(6) *Time Limit for Review*. A final decision regarding the disputed CAT Fees by the Operating Committee, or the Fee Review Subcommittee (if there is no review by the Operating Committee), must be provided within 90 days of the date on which the Industry Member filed a written application regarding disputed CAT Fees with the Company pursuant to subparagraph (c)(2) of these Fee Dispute Resolution Procedures. The Operating Committee may extend the 90-day time limit under this subparagraph (c)(6) at its discretion.

(7) *Miscellaneous Provisions*.

(A) *Service of Notice*. Any notices or other documents may be served upon the applicant either personally or by leaving the same at its, his or her place of business or by deposit in the United States post office, postage prepaid, by registered or certified mail, addressed to the applicant at its, his or her last known business or residence address.

(B) *Extension of Certain Time Limits*. Any time limits imposed under these Fee Dispute Resolution Procedures for the submission of answers, petitions or other materials may be extended by permission of the Operating Committee. All papers and documents relating to review by the Fee Review Subcommittee or the Operating Committee must be submitted to the Fee Review Subcommittee or Operating Committee, as applicable.

(8) *Agency Review*. Decisions on such CAT Fee disputes made pursuant to these Fee Dispute Resolution Procedures shall be binding on Industry Members, without prejudice to the rights of any such Industry Member to seek redress from the SEC or in any other appropriate forum.

(9) *Payment of Disputed CAT Fees*.

(A) *Timing of Fee Payment*. An Industry Member that files a written application with the Company regarding disputed CAT Fees in accordance with these Fee Dispute Resolution Procedures is not required to pay such disputed CAT Fees until the dispute is resolved in accordance with these Fee Dispute Resolution Procedures, including any review pursuant to subparagraph (c)(8). For the purposes of this subparagraph (c)(9), the disputed CAT Fees means the amount of the invoiced CAT Fees that the Industry Member has asserted pursuant to these Fee Dispute

Resolution Procedures that such Industry Member does not owe to the Company. The Industry Member must pay any invoiced CAT Fees that are not disputed CAT Fees when due as set forth in the original invoice.

(B) Interest on Unpaid CAT Fees. Once the dispute regarding CAT Fees is resolved pursuant to these Fee Dispute Resolution Procedures, if it is determined that the Industry Member owes any of the disputed CAT Fees, then the Industry Member must pay such disputed CAT Fees that are owed as well as interest on such disputed CAT Fees from the original due date (that is, 30 days after receipt of the original invoice of such CAT Fees) until such disputed CAT Fees are paid at a per annum rate equal to the lesser of (i) the Prime Rate plus 300 basis points, or (ii) the maximum rate permitted by applicable law.

[Effective October 7, 2019 (SR-CBOE-2019-073)]

CHAPTER 8. BUSINESS CONDUCT

SECTION A. GENERAL CONDUCT

Rule 8.1. Just and Equitable Principles of Trade

No Trading Permit Holder shall engage in acts or practices inconsistent with just and equitable principles of trade. Persons associated with Trading Permit Holders shall have the same duties and obligations as Trading Permit Holders under the Rules of this Chapter.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.2. Adherence to Law

No Trading Permit Holder shall engage in conduct in violation of the Securities Exchange Act of 1934, as amended, rules or regulations thereunder, the Bylaws or the Rules of the Exchange, or the Rules of the Clearing Corporation insofar as they relate to the reporting or clearance of any Exchange transaction, or any written interpretation thereof. Every Trading Permit Holder shall so supervise persons associated with the Trading Permit Holder as to assure compliance therewith.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.3. Gratuities

(a) No Trading Permit Holder or associated person of a Trading Permit Holder shall give any compensation or gratuity in any one year in excess of $50.00 to any employee of the Exchange or in excess of $100.00 to any employee of any other Trading Permit Holder or of any non- Trading Permit Holder broker, dealer, bank or institution, without the prior consent of the employer and of the Exchange.

(b) No Trading Permit Holder or associated person of a Trading Permit Holder shall give any compensation or gratuity of any monetary value to any Regulatory Division employee of the Exchange.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.4. Nominal Employment

No Trading Permit Holder may employ any person in a nominal position on account of business obtained by such person.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.5. False Statements

No Trading Permit Holder, person associated with a Trading Permit Holder or applicant to be a Trading Permit Holder shall make any willful or material misrepresentation, including a misstatement or false statement, or omission in any application, report or other communication to the Exchange, or to the Clearing Corporation with respect to the reporting or clearance of any

Exchange transaction, or willfully or materially adjust any position at the Clearing Corporation in any class of options traded on the Exchange except for the purpose of correcting a bona fide error in recording or of transferring the position to another account.

Interpretations and Policies

.01 No Trading Permit Holder, person associated with a Trading Permit Holder or applicant to be a Trading Permit Holder shall be considered to be in violation of this Rule 8.5 due to misrepresentations or omissions resulting from causes, such as systems malfunctions, which are outside the control of the Trading Permit Holder, associated person or applicant and could not be avoided by the exercise of due care.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.6. Manipulation

(a) No Trading Permit Holder shall effect or induce 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 which does not reflect the true state of the market in such security or in the underlying security.

(b) No Trading Permit Holder or any other person or organization subject to the jurisdiction of the Exchange shall directly or indirectly participate in or have any interest in the profit of a manipulative operation or knowingly manage or finance a manipulative operation. For the purpose of this paragraph but without limitation, (1) any pool, syndicate or joint account, whether in corporate form or otherwise, organized or used intentionally for the purposes of unfairly influencing the market price of any security by means of options or otherwise and for the purpose of making a profit thereby shall be deemed to be a manipulative operation; (2) the soliciting of subscriptions to any such pool syndicate or joint account or the accepting of discretionary orders from any such pool, syndicate or joint account shall be deemed to be managing a manipulative operation; and (3) the carrying on margin of either a "long" or a "short" position in securities for, or the advancing of credit through loans of money or of securities to, any such pool syndicate or joint account shall be deemed to be financing a manipulative operation.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.7. Rumors

No Trading Permit Holder shall circulate, in any manner, rumors of a character which might affect market conditions in any option contract or underlying security or in any other security admitted to trading or unlisted trading privileges on the Exchange; provided, however, that this Rule 8.7 shall not prohibit discussion of unsubstantiated information, so long as its source and unverified nature are disclosed.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.8. Disciplinary Action by Other Organizations

Every Trading Permit Holder shall promptly notify the Exchange in writing of any disciplinary action, including the basis therefor, taken by any national securities exchange or association, clearing corporation, commodity futures market or government regulatory body against the Trading Permit Holder or its associated persons, and shall similarly notify the Exchange of any disciplinary action taken by the Trading Permit Holder itself against any of its associated persons involving suspension, termination, the withholding of commissions or imposition of fines in excess of $2,500, or any other significant limitation on activities.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.9. Other Restrictions on Trading Permit Holders

(a) *General*. Whenever the Chief Executive Officer or President shall find, on the basis of a report of the Department of Compliance or otherwise, that a Trading Permit Holder has failed to perform his contracts or is insolvent or is in such financial or operational condition or is otherwise conducting his business in such a manner that he cannot be permitted to continue in business with safety to his customers or creditors or the Exchange, the Chief Executive Officer or the President may summarily suspend the Trading Permit Holder in accordance with Chapter 12 or may impose such conditions and restrictions upon his being a Trading Permit Holder as he considers reasonably necessary for the protection of the Exchange and the customers of such Trading Permit Holder.

(b) *Firms Clearing Market-Maker Trades*.

(1) A Trading Permit Holder that clears Market-Maker trades must give 15 calendar days, prior written notice to the President of the Exchange, or his designee, concerning any proposed Significant Business Transaction ("SBT") as enumerated in this subparagraph (b)(1)(A) through (C). Notification of any SBT as enumerated in this subparagraph (b)(1)(D) through (G) shall be made in writing to the President of the Exchange, or his designee, not later than five business days from the date on which the SBT becomes effective. A SBT shall mean:

(A) the combination, merger or consolidation between the Trading Permit Holder and another person engaged in the business of effecting, executing, clearing or financing transactions in securities or futures products,

(B) the transfer from another person of Market-Maker, broker dealer, or customer securities or futures accounts which are significant in size or number to the business of the Trading Permit Holder,

(C) the assumption or guarantee by the Trading Permit Holder of liabilities, of another person engaged in the business of effecting, executing, clearing or financing transactions in securities or futures products, in connection with a direct or indirect acquisition of all or substantially all of that person's assets,

(D) the sale by the Trading Permit Holder of a significant part of its assets to another person,

(E) a change in the identity of any general partner or a change in the beneficial ownership of 10% of any class of the outstanding stock of any corporate general partner (if the Trading Permit Holder is a partnership),

(F) a change in the beneficial ownership of 20% of any class of the outstanding stock of the Trading Permit Holder or the issuance of any capital stock of the Trading Permit Holder (if the Trading Permit Holder is a corporation), or

(G) the acquisition by the Trading Permit Holder of assets of another person that would constitute a "business" that is "significant," as those terms are defined in Section 11-01 of Regulation S-X.

(2) A proposed SBT of a Trading Permit Holder as enumerated in subparagraph (b)(1)(A) through (C) above is subject to the prior approval of the Chief Executive Officer or President, when the Trading Permit Holder's Market-Maker clearance activities exceed, or would exceed as a result of the proposed SBT, any of the following parameters:

(A) 15% of cleared Exchange Market-Maker contract volume for the most recent three months;

(B) an average of 15% of the number of Exchange registered Market-Makers as of each month and for the most recent three months, or

(C) 25% of Market-Maker gross deductions (haircuts) defined by SEC Rule 15c3-1 (a)(6) or (c)(2)(x) carried by the Clearing Trading Permit Holder(s) in relation to the aggregate of such haircuts carried by all other Market-Maker clearing organizations for any month end within the most recent three months.

A Trading Permit Holder may contact the Exchange to determine whether it exceeds the parameters described in this subparagraph (b)(2). Trading Permit Holders subject to this subparagraph (b)(2) must provide 30 calendar days' notice of the proposed SBT, as enumerated in subparagraph (b)(1)(A) through (C) above, to the President or his designee. The Chief Executive Officer or President may disapprove a Trading Permit Holder's proposed SBT, or approve such SBT subject to certain conditions, within the 30-day period. The Chief Executive Officer or President may disapprove or condition a Trading Permit Holder's SBT within the 30-day period if the Chief Executive Officer or President determines that such SBT has the potential to threaten the financial or operational integrity of Exchange Market-Maker transactions.

(3) In addition, at any time, the Chief Executive Officer or President may impose additional financial and/or operational requirements on a Trading Permit Holder that clears Market-Maker trades when the Chief Executive Officer or President determines that the Trading Permit Holder's continuance in business without such requirements has the potential to threaten the financial or operational integrity of Exchange Market-Maker transactions.

(4) A Trading Permit Holder that clears Market-Maker trades must give 15 calendar days, written notice to the President of the Exchange, or his designee, of any proposal to terminate such business or any material part thereof.

(5) A Trading Permit Holder subject to this rule must provide promptly, in writing, all information reasonably requested by the Exchange. Until such information, and any other information provided pursuant to this paragraph (b), is otherwise publicly disclosed, the information shall be kept confidential, except that such information may be disclosed to members of the staff and other agents of the Exchange who are engaged in reviewing the proposed transaction, but such employees and agents shall keep such information confidential and use it only for purposes of reviewing the proposal.

(6) In considering a proposed SBT, the Chief Executive Officer or President may consider, among other relevant matters, the following criteria:

(A) The effect of the proposed SBT on (i) the capital size and structure of the resulting clearing TPH organization(s); (ii) the potential for financial failure, and the consequences of any such failure on the Market-Maker system as a whole; and (iii) the potential for increased or decreased operational efficiencies arising from the proposed transaction.

(B) The effect of the proposed SBT upon overall concentration of options Market-Makers, including a comparison of the following measures before and after the proposed transaction:

(i) proportion of exchange Market-Makers cleared;

(ii) proportion of exchange Market-Maker contract volume cleared; and

(iii) proportion of Market-Maker gross deductions (haircuts) as defined by SEC Rule 15c3-1(a)(6) or (c)(2)(x) carried by the Clearing Trading Permit Holder(s) in relation to the aggregate of such deductions carried by other Market-Maker clearing organizations.

(C) The regulatory history of the affected TPH organization(s), specifically as it may indicate a tendency to financial/operational weakness.

(D) The history of the affected TPH organization(s) with respect to late trade match input or other operational deficiencies as determined by the Exchange.

(7) In the event the Chief Executive Officer or President determines, prior to the expiration of the 30-day period set forth in subparagraph (b)(2) above, that a proposed SBT may be approved without conditions, the Chief Executive Officer or President shall promptly so advise the Trading Permit Holder. All Chief Executive Officer or President decisions to disapprove or condition a proposed SBT pursuant to subparagraph (b)(2) above or to impose extraordinary requirements pursuant to subparagraph (b)(3) above shall be in writing, shall include a statement setting forth the grounds for the Chief Executive Officer or President's decision, and shall be served on the Trading Permit Holder. Notwithstanding any other provisions of the Rules of the Exchange, the Trading Permit Holder may appeal such decision directly to the Board of Directors of the Exchange by filing an application for review with the Secretary of the Exchange within 15 days of the date of service of the decision. The application for review shall be in the form prescribed by Rule 15.5(a), and

the Board's review shall be conducted in the manner prescribed by Rule 15.5(b), except that the Trading Permit Holder may waive the making of a record. Review by the Board shall be the exclusive method of reviewing a decision of the Chief Executive Officer or President pursuant to this paragraph (b). The appeal to the Board of a decision of the Chief Executive Officer or President shall not operate as a stay of that decision during the pendency of the appeal. The Exchange shall file notice with the SEC in accordance with the provisions of Section 19(d)(1) of the Securities Exchange Act of all final decisions to disapprove or condition a proposed SBT pursuant to subparagraph (b)(2) above, or to impose extraordinary requirements pursuant to subparagraph (b)(3) above.

(8) The provisions of this paragraph (b) do not preclude (i) summary Exchange action under paragraph (a) above or under Chapter 12 of the Rules or (ii) other Exchange action pursuant to the Rules of the Exchange.

(9) The Chief Executive Officer or President may exempt a Trading Permit Holder from the requirements of subparagraph (b)(1) above, either generally or in respect of specific types of transactions, based on the limited proportion of Market-Maker trades on the Exchange that are cleared by the Trading Permit Holder or on the limited importance that the clearing of Market- Maker trades bears to the total business of the Trading Permit Holder.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.10. Prevention of the Misuse of Material, Nonpublic Information

Every Trading Permit Holder shall establish, maintain and enforce written policies and procedures reasonably designed, taking into consideration the nature of such Trading Permit Holder's business, to prevent the misuse, in violation of the Exchange Act and Exchange Rules, of material, nonpublic information by such Trading Permit Holder or persons associated with such Trading Permit Holder. Any Trading Permit Holder or associated person who becomes aware of a possible misuse of material, nonpublic information must promptly notify the Exchange's Department of Market Surveillance.

Interpretations and Policies

.01 For purposes of this Rule 8.10, conduct constituting the misuse of material, nonpublic information in violation of the Exchange Act and Exchange Rules includes, but is not limited to, the following:

(a) trading in any securities issued by a corporation, partnership, Trust Issued Receipts, or Units, as defined in Rules 4.3.06, 4.3.07, or 4.3.10 or a trust or similar entities, or in any related securities or related options or other derivative securities, or in any related non-U.S. currency, non-U.S. currency options, futures or options on futures on such currency, or any other derivatives based on such currency, or in any related commodity, related commodity futures or options on commodity futures or in any related commodity derivatives, while in possession of material, nonpublic information concerning that corporation, partnership, Trust Issued Receipts, or those Units or that trust or similar entities;

(b) trading in an underlying security or related options or other derivative securities, or in any related non-U.S. currency, non-U.S. currency options, futures or options on futures on such currency, or in any related commodity, related commodity futures or options on commodity futures or any other related commodities derivatives, or any other derivatives based on such currency while in possession of material nonpublic information concerning imminent transactions in the above; and

(c) disclosing to another person or entity any material, nonpublic information involving a corporation, partnership, Trust Issued Receipts, or Units or a trust or similar entities whose shares are publicly traded or an imminent transaction in an underlying security or related securities or in the underlying non-U.S. currency or any related non-U.S. currency options, futures or options on futures on such currency, or any other derivatives based on such currency, or in any related commodity, related commodity futures or options on commodity futures or any other related commodity derivatives, for the purpose of facilitating the possible misuse of such material, nonpublic information.

.02 This Rule 8.10 requires that each Trading Permit Holder establish, maintain, and enforce the following policies and procedures:

(a) All associated persons must be advised in writing of the prohibition against the misuse of material, nonpublic information;

(b) Signed attestations from the Trading Permit Holder and all associated persons affirming their awareness of, and agreement to abide by, the aforementioned prohibitions must be maintained for at least 3 years, the first 2 years in an easily accessible place;

(c) records of all brokerage accounts maintained by the Trading Permit Holder and all associated persons must be acquired and maintained for at least 3 years, the first 2 years in an easily accessible place;

(d) such brokerage accounts must be reviewed periodically by the Trading Permit Holder for the purpose of detecting the possible misuse of material, nonpublic information; and

(e) any business dealings the Trading Permit Holder may have with any corporation whose securities are publicly traded, or any other circumstances that may result in the Trading Permit Holder receiving, in the ordinary course of business, material, nonpublic information concerning any such corporation, must be identified and documented.

Maintenance of the foregoing policies and procedures will not, in all cases, satisfy the requirements of this Rule 8.10; the adequacy of each Trading Permit Holder's policies and procedures will depend upon the nature of such Trading Permit Holder's business. The Exchange may determine that policies and procedures less burdensome than those set forth herein would be appropriate for certain Trading Permit Holders, given the nature of such Trading Permit Holder' business.

[Effective October 7, 2019 (SR-CBOE-2019-096); amended January 16, 2020 (SR-CBOE-2019-123)]

Rule 8.11. Prohibition Against Harassment

Practices involving harassment, threats, intimidation, collusion, refusals to deal, or retaliation that have the intended purpose or effect of discouraging a Trading Permit Holder or other market participant from acting, or seeking to act, competitively are prohibited under this Rule and shall be deemed conduct inconsistent with just and equitable principles of trade under Rule 8.1.

Interpretations and Policies

.01 Among the specific types of conduct that are prohibited by this Rule 8.11 and which shall be deemed conduct inconsistent with just and equitable principles of trade are harassment, threats, intimidation, collusion, refusals to deal, or retaliation against any person or entity in connection with (1) a listing proposal made by such person or entity to any exchange or other market; (2) such person's or entity's advocacy or proposal concerning listing or trading on any exchange or market; and (3) such person or entity making markets in or trading any option on any exchange or other market, that have the intended purpose or effect of discouraging such person or entity from acting, or seeking to act, competitively.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.12. Anti-Money Laundering Compliance Program

(a) Each TPH organization and each Trading Permit Holder not associated with a TPH organization shall develop and implement a written anti-money laundering program reasonably designed to achieve and monitor compliance with the requirements of the Bank Secrecy Act (31 U.S.C. 5311, et seq.), and the implementing regulations promulgated thereunder by the Department of the Treasury. Each TPH organization's anti-money laundering program must be approved, in writing, by a member of senior management.

(b) The anti-money laundering programs required by this Rule shall, at a minimum:

(1) Establish and implement policies and procedures that can be reasonably expected to detect and cause the reporting of transactions required under 31 U.S.C. 5318(g) and the implementing regulations thereunder;

(2) Establish and implement policies, procedures, and internal controls reasonably designed to achieve compliance with the Bank Secrecy Act and the implementing regulations thereunder;

(3) Provide for annual (on a calendar-year basis) independent testing for compliance to be conducted by Trading Permit Holder or TPH organization personnel or by a qualified outside party, unless the Trading Permit Holder or TPH organization does not execute transactions for customers or otherwise hold customer accounts or act as an introducing broker with respect to customer accounts (e.g., engages solely in proprietary trading or conducts business only with other broker-dealers), in which case such "independent testing" is required every two years (on a calendar-year basis); provided however, all Trading Permit Holder or TPH organizations must conduct independent testing during the first calendar year of becoming a Trading Permit Holder or TPH organization;

(4) Designate, and identify to the Exchange (by name, title, mailing address, e-mail address, telephone number, and facsimile number) a person or persons responsible for implementing and monitoring the day-to-day operations and internal controls of the program (such individual or individuals must be an associated person of the Trading Permit Holder) and provide prompt notification to the Exchange regarding any change in such designation(s);

(5) Provide ongoing training for appropriate persons; and

(6) Include appropriate risk-based procedures for conducting ongoing customer due diligence, to include, but not be limited to:

(A) Understanding the nature and purpose of customer relationships for the purpose of developing a customer risk profile; and

(B) Conducting ongoing monitoring to identify and report suspicious transactions and, on a risk basis, to maintain and update customer information. For purposes of this subparagraph (6)(B), customer information shall include information regarding the beneficial owners of legal entity customers (as defined in 31 CFR 1010.230(e)).

Interpretations and Policies

.01 *Independent Testing Requirements*.

(a) All Trading Permit Holders should undertake more frequent testing than required by this Rule 8.12 if circumstances warrant.

(b) Independent testing pursuant to this rule must be conducted by a designated person with a working knowledge of applicable requirements under the Bank Secrecy Act and its implementing regulations.

(c) Independent testing may not be conducted by:

(1) a person who performs the functions being tested, or

(2) the designated anti-money laundering compliance person, or

(3) a person who reports to a person described in either (1) or (2) above.

[Effective October 7, 2019 (SR-CBOE-2019-096); amended January 4, 2020 (SR-CBOE-2019-116)]

Rule 8.13. Third Party Deposits Prohibited

TPH organizations engaged in the business of clearing and carrying the accounts of options Market-Makers ("Clearing Firms") registered to conduct business on the Exchange are subject to the following prohibitions:

(a) The acceptance of a check or funds transfer for deposit into any broker-dealer account cleared or carried by a Clearing Firm is prohibited if the name on the account from which the check or transfer is drawn is not the same as that on the account cleared or carried by the Clearing Firm.

(b) The acceptance of securities, either directly or via transfer, for deposit into any broker- dealer account cleared or carried by a Clearing Firm is prohibited if the name on the securities, or the name on the account from which the securities are drawn, is not the same as that on the account cleared or carried by the Clearing Firm.

Interpretations and Policies

.01 The foregoing prohibitions do not apply to checks, funds or securities for deposit to a Market-Maker's account that are drawn on a joint account of which the Market-Maker is one of the joint owners, and the title of the Market-Maker's account with the Clearing Firm coincides with the Market-Maker's designation on the joint account.

.02 The foregoing prohibitions do not apply to checks, funds or securities for deposit into the account of a U.S. broker-dealer business entity if the depositor (1) has an ownership interest disclosed on Schedule A of the broker-dealer's Uniform Application for Broker-Dealer Registration ("Form BD"), or (2) is a U.S. broker-dealer and has an ownership interest disclosed on Schedule B of Form BD.

.03 The foregoing prohibitions do not apply to checks or funds transfers for deposit to a broker-dealers account: (1) that constitute an award or settlement paid as the result of the resolution of litigation or arbitration which arose in connection with the broker-dealer's securities or futures business; (2) that are drawn on an account of the government of the United States; or (3) that are drawn on the account of another broker-dealer for satisfaction of the resolution of transaction disputes.

.04 If immediate action is required in order for an account of a broker-dealer cleared and carried by a Clearing Firm to (1) establish a positive net liquidating equity or supplement equity when required based upon internal risk control procedures of the Clearing Firm, or (2) achieve compliance with SEC Rule 15c3-1 (the Net Capital Rule), an officer or partner of a Clearing Firm may grant an exception, which must be in writing, with respect to any transaction prohibited by this Rule 8.13.

.05 Transfers of funds or securities between two accounts cleared and carried by the same Clearing Firm are permitted provided that, if both accounts are not owned by the same person(s) or entity, the transfer must be authorized in writing by the owner of the account from which funds and/or securities would be withdrawn.

.06 Documentation evidencing any exceptions granted pursuant to Interpretation and Policy .04 above, and documents evidencing that deposits qualify for acceptance pursuant to Interpretation and Policy .03 above, as well as documents authorizing transfers of funds or securities between accounts pursuant to Interpretation and Policy .05 above, shall be retained by the Clearing Firm for at least three years, the first two years in an easily accessible place for examination by the Exchange. In lieu of having the documents easily accessible, a Clearing Firm may make and keep

current a separate central log, index or other file through which the documents can be identified and retrieved.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.14. Communications to the Exchange or the Clearing Corporation

No Trading Permit Holder, person associated with a Trading Permit Holder or applicant to be a Trading Permit Holder shall make any misrepresentation or omission in any application, report or other communication to the Exchange, or to the Clearing Corporation with respect to the reporting or clearance of any Exchange transaction, or adjust any position at the Clearing Corporation in any class of options traded on the Exchange except for the purpose of correcting a bona fide error in recording or of transferring the position to another account. Violations of this Rule may be subject to summary fine under Rule 13.15(g)(11).

Interpretations and Policies

.01 The Exchange will distinguish misrepresentations and omissions from willful or material misrepresentations and omissions. Willful or material misrepresentations and omissions may be considered a violation of Rule 8.5.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.15. Unbundling of Orders to Maximize Rebates of Fees

No Trading Permit Holder shall divide an order into multiple smaller orders for the primary purpose of maximizing rebates of fees resulting from the execution of such orders, or any other similar payment of value to the Trading Permit Holder.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.16. Supervision

The deadline to submit the annual supervision-related reports pursuant to Rule 8.16(g) will be extended from April 1, 2020 to July 31, 2020.

(a) *General*. Each office, location, department, business activity, trading system, and internal surveillance system of a Trading Permit Holder shall be under the supervision and control of the Trading Permit Holder establishing it and of an appropriately qualified supervisor, as described in paragraph (c) below. Each Trading Permit Holder and associated persons of a Trading Permit Holder shall be under the supervision and control of an appropriately qualified supervisor, as described in paragraph (c) below.

(b) *Designation of Supervisor by Trading Permit Holder*. The general partners or directors of each Trading Permit Holder shall provide for appropriate supervisory control and shall designate a general partner or principal executive officer to assume overall authority and responsibility for internal supervision and control of the organization and compliance with applicable securities laws and regulations, and with applicable Exchange rules. The person designated shall:

(1) Delegate to qualified principals responsibility and authority for supervision and control of each office, location, department, business activity, trading system, and internal surveillance system and provide for appropriate written procedures of supervision and control; and

(2) Establish a separate system of follow-up and review to determine that the delegated authority and responsibility is being properly exercised.

(c) *Qualification of Supervisor*. Each Trading Permit Holder must make reasonable efforts to determine that each person with supervisory control, as described in paragraphs (a) and (b) above, is qualified by virtue of experience or training to carry out his or her assigned responsibilities. Persons with supervisory control must meet the Exchange's qualification requirements for supervisors, including completion of the appropriate examination(s).

(d) *Standards of Supervision*. Each person with supervisory control as described in paragraphs (a) and (b) above, shall reasonably discharge his or her duties and obligations in connection with such supervision and control in order to prevent and detect violations of applicable securities laws and regulations, and applicable Exchange rules.

(e) *Written Supervisory Procedures*. Each Trading Permit Holder shall establish, maintain, and enforce written supervisory procedures, and a system for applying such procedures, to supervise the types of business in which the Trading Permit Holder engages and to supervise the activities of all associated persons. The written supervisory procedures and the system for applying such procedures shall reasonably be designed to prevent and detect violations of applicable securities laws and regulations, and applicable Exchange rules.

(1) The written supervisory procedures shall set forth the supervisory system established by the Trading Permit Holder pursuant to this rule. Each Trading Permit Holder shall keep a record of the name, title, registration status, and location of all supervisory personnel required by this rule, the dates for which supervisory designations were or are effective, and the responsibilities of the supervisory personnel as these relate to the types of business the Trading Permit Holder engages in, and applicable securities laws and regulations, including applicable Exchange rules. This record must be preserved for a period of not less than three years, the first two in an easily accessible place.

(2) A copy of the written supervisory procedures shall be kept and maintained at each location where supervisory activities are conducted on behalf of the Trading Permit Holder. Each Trading Permit Holder shall amend its written supervisory procedures as appropriate within a reasonable time after changes occur in applicable securities laws and regulations, Exchange rules, and as any changes occur in supervisory personnel or supervisory procedures. Each Trading Permit Holder shall be responsible for communicating such changes through its organization within a reasonable time.

(f) *Office Inspections*. Each Trading Permit Holder shall inspect every office or location of the Trading Permit Holder at least once every three calendar years. An inspection may not be conducted by any person within that office or location who has supervisory responsibilities or by any individual who is directly or indirectly supervised by such person(s). In establishing the

inspection cycle, the Trading Permit Holder shall give consideration to the nature and complexity of the securities activities for which the office or location is responsible, the volume of business done, and the number of associated persons at each office or location. The examination schedule and an explanation of the factors considered in determining the frequency of the examinations in the cycle shall be set forth in the Trading Permit Holder's written supervisory procedures.

(1) Such inspection shall be reasonably designed to assist in preventing and detecting violations of, and achieving compliance with, applicable securities laws and regulations, and with applicable Exchange rules.

(2) Each Trading Permit Holder shall retain a written record of the dates upon which each inspection is conducted, the participants in the inspection, and the results thereof.

(g) *Annual Review and Written Report*.

(1) At least annually, each Trading Permit Holder shall conduct an interview or meeting with all associated persons, at which compliance matters relevant to the activities of the associated person are discussed. Each Trading Permit Holder shall retain a written record of the dates upon which each interview or meeting occurred, the participants in the interview or meeting, and the results thereof; and

(2) By April 1 of each year, each Trading Permit Holder shall submit to the Exchange a written report on the Trading Permit Holder's supervision and compliance effort during the preceding year and on the adequacy of the Trading Permit Holder's ongoing compliance processes and procedures. The report shall include, but not be limited to, the following:

(A) A tabulation of customer complaints (including arbitrations and civil actions) and internal investigations, if any.

(B) Identification and analysis of significant compliance problems, plans for future systems or procedures to prevent and detect violations and problems, and an assessment of the proceeding year's efforts of this nature.

(C) Discussion of the preceding year's compliance efforts, new procedures, educational programs, etc. in each of the following areas: (i) antifraud and trading practices; (ii) books and records; (iii) finance and operations; (iv) supervision; (v) internal controls; and (vi) anti-money laundering. If any of these do not apply to the Trading Permit Holder, the report shall so state.

(D) A certification signed by the Trading Permit Holder's Chief Executive Officer (or equivalent officer) that:

(i) The Trading Permit Holder has in place processes to:

(a) establish and maintain policies and procedures reasonably designed to achieve compliance with applicable Exchange Rules and federal securities laws and regulations,

(b) modify such policies and procedures as business, regulatory and legislative changes and events dictate, and

(c) test the effectiveness of such policies and procedures on a periodic basis, the timing and extent of which is reasonably designed to ensure continuing compliance with Exchange Rules and federal securities laws and regulations.

(ii) The Chief Executive Officer (or equivalent officer) conducted one or more meetings with the Trading Permit Holder's Chief Compliance Officer during the preceding 12 months, and that they discussed and reviewed the matters described in this certification, including the Trading Permit Holder's prior compliance efforts, and identified and addressed significant compliance problems and plans for emerging business areas.

(iii) The processes described in subparagraph (g)(2)(D)(i) above are evidenced in a report reviewed by the Chief Executive Officer (or equivalent officer), Chief Compliance Officer and such other officers as the Trading Permit Holder may deem necessary to make this certification, and submitted to the Trading Permit Holder's board of directors or audit committee (or equivalent bodies) on or before April 1st of each year.

(iv) The Chief Executive Officer (or equivalent officer) has consulted with the Chief Compliance Officer and other officers referenced in subparagraph (g)(2)(D)(iii) above and other such employees, outside consultants, lawyers and accountants, to the extent they deem appropriate, in order to attest to the statements made in this certification.

(3) A Trading Permit Holder that specifically includes its options compliance program within an annual compliance review and written report that complies with substantially similar requirements of the Financial Industry Regulatory Authority or any other self-regulatory organization will be deemed to have met the requirements of this paragraph (g), however the Trading Permit Holder must submit a copy of such written report to the Exchange by April 1 of each year.

[Effective October 7, 2019 (SR-CBOE-2019-096); amended March 30, 2020 (SR-CBOE-2020-029); amended June 1, 2020 (SR-CBOE-2020-049); amended July 1, 2020 (SR-CBOE-2020-063)]

Rule 8.17. Proxy Voting

(a) No Trading Permit Holder may give a proxy to vote stock that is registered in its name, unless:

(1) such Trading Permit Holder is the beneficial owner of such stock;

(2) pursuant to the written instructions of the beneficial owner; or

(3) pursuant to the rules of any national securities exchange or association of which it is a member provided that the records of the Trading Permit Holder clearly indicate the procedure it is following

(b) Notwithstanding the foregoing, a Trading Permit Holder that is not the beneficial owner of a security registered under Section 12 of the Exchange Act is prohibited from granting a proxy to vote the security in connection with a shareholder vote on the election of a member of the board of directors of an issuer (except for a vote with respect to uncontested election of a member of the board of directors of any investment company registered under the Investment Company Act of 1940), executive compensation, or any other significant matter, as determined by the Commission, by rule, unless the beneficial owner of the security has instructed the Trading Permit Holder to vote the proxy in accordance with the voting instructions of the beneficial owner.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.18. Failure to Pay Premium

When the Clearing Corporation shall reject an Exchange transaction because of the failure of the Clearing Trading Permit Holder acting on behalf of the purchaser to pay the aggregate premiums due thereon as required by the Rules of the Clearing Corporation, the Trading Permit Holder acting as or on behalf of the writer shall have the right either to cancel the transaction by giving notice thereof to the Clearing Trading Permit Holder or to enter into a closing writing transaction in respect of the same option contract that was the subject of the rejected Exchange transaction for the account of the defaulting Clearing Trading Permit Holder. Such action shall be taken as soon as possible, and in any event not later than 11:00 a.m. on the business day following the day the Exchange transaction was rejected by the Clearing Corporation.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.19. Restriction on Acting as Market-Maker and Floor Broker

Except under unusual circumstances and with the prior permission of a Floor Official, no Trading Permit Holder shall, on the same business day, act as a Market-Maker and also act as a Floor Broker (i) with respect to option contracts traded at a given station, or (ii) in any security determined by the Exchange to be related to such a security. The word "station" means a location on the trading floor, at which classes of option contracts are traded, which classes of options compose all or part of a Market-Maker appointment. The word "station" is synonymous with the term "trading crowd."

(a) For purposes of this Rule, index options (as provided in Chapter 4, Section B), index participations, index warrants, and index UIT interests, based on either the Standard & Poor's 100-Stock Price Index or the Standard & Poor's 500-Stock Price Index are all related to each other. FLEX Index Options are considered related to index options, index participations, and index warrants.

(b) A Trading Permit Holder who issues a commitment to trade from the Exchange through ITS or any other application of the System, as a consequence thereof, is deemed for purposes of this Rule to have engaged in a transaction in such security.

[Effective October 7, 2019 (SR-CBOE-2019-059), (SR-CBOE-2019-096)]

Rule 8.20. Prohibition Against Customers Functioning as Market-Makers

(a) TPH organizations may neither enter nor permit the entry of priority customer orders into the System if (1) the orders are limit orders for the account or accounts of the same beneficial owner(s) and (2) the limit orders are entered in such a manner that the beneficial owner(s) effectively is operating as a Market-Maker by holding itself out as willing to buy and sell such securities on a regular or continuous basis.

(b) In determining whether a beneficial owner effectively is operating as a Market-Maker, the Exchange will consider, among other things, the simultaneous or near simultaneous entry of limit orders to buy and sell the same security and the entry of multiple limit orders at different prices in the same security.

[Effective October 7, 2019 (SR-CBOE-2019-096); amended December 19, 2019 (SR-CBOE-2019-118)]

Rule 8.21. Multiple Representation Prohibited

(a) No Trading Permit Holder, for any account in which the Trading Permit Holder has an interest or on behalf of a customer, shall maintain with more than one broker orders for the purchase or sale of the same option contract or other security, or the same combination of option contracts or other securities, with the knowledge that such orders are for the account of the same principal.

(b) Except in accordance with procedures established by the Exchange or with the Exchange's permission in individual cases, no individual Market-Maker shall enter or be present in a trading crowd while a Floor Broker present in the trading crowd is holding an order on behalf of the Market-Maker's individual account or an order initiated by the Market-Maker for an account in which the Market-Maker has an interest.

Interpretations and Policies

.01 An individual Market-Maker may permissibly enter a trading crowd in which a Floor Broker is present who holds an order on behalf of the Market-Maker's individual account or an order initiated by the Market-Maker for an account in which the Market-Maker has an interest if one of the following procedures is followed:

(a) The Market-Maker cancels the order prior to entering the trading crowd or the Market- Maker makes the Floor Broker aware of the Market-Maker's intention to enter the trading crowd and the Floor Broker cancels the order. If the Market-Maker wishes to re-enter the order upon the Market-Maker's exit from the trading crowd, a new order must be entered.

(b) The Market-Maker makes the Floor Broker aware of the Market-Maker's intention to enter or to be present in the trading crowd and the Market-Maker refrains from trading in-person on the

same trade as the order being represented by the Floor Broker unless other in-crowd market participants choose not to trade the remaining portion of the order.

.02 The following procedures apply to the simultaneous presence in a trading crowd of participants in and orders for the same joint account:

(a) Joint accounts may be simultaneously represented in a trading crowd by participants trading in-person for the joint account.

(b) Joint account participants who are not trading in-person in a trading crowd may enter orders for the joint account with Floor Brokers even if other participants are trading the same joint account in-person.

(c) When series are simultaneously opened during rotation, joint account participants trading the joint account in-person may enter orders for the joint account with Floor Brokers in series where they are unable to trade the joint account in-person.

(d) There is no restriction on the number of joint account participants that may participate on behalf of the joint account on the same trade.

(e) When joint account participants are trading in-person in a trading crowd for their individual account or as a Floor Broker, another participant of the joint account may trade for the joint account in-person or enter orders for the joint account with Floor Brokers.

(f) Except as otherwise permitted under this Rule 8.21, Trading Permit Holders are reminded that they are prohibited from entering orders for their individual or joint accounts while they are trading in-person in a trading crowd even if the orders are for an account they are not then actively trading.

(g) Trading Permit Holders must ensure that they do not trade in-person or by orders such that (1) a trade occurs between a joint account participant's individual market-maker account and the joint account of which he or she is a participant, or (2) a trade occurs in which the buyer and seller are representing the same joint account and are on opposite sides of a transaction. It is the responsibility of a joint account participant to ascertain whether joint account orders have been entered in a crowd prior to trading the joint account in-person.

(h) Joint account participants may not act as a Floor Broker for the joint account of which they are a participant.

(i) Trading Permit Holders may alternate trading in-person for their individual account and their joint account while in a trading crowd.

(j) When completing a trade ticket for Market-Maker joint account transactions, it must contain such information as may be required by the Exchange under Rule 6.1(d).

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.22. Trading by Trading Permit Holders on the Floor

No Trading Permit Holder shall initiate a transaction, while on the floor, for an account in which he has an interest unless such Trading Permit Holder is registered with the Exchange as a Market-Maker and is acting in accordance with Chapter 3, Section C and Chapter 5, Section D of these Rules; however, a Trading Permit Holder may take into his own account, and subsequently liquidate, any position that results from an error made while attempting to execute, as Floor Broker, an order for a customer.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

SECTION B. POSITION LIMITS, EXERCISE LIMITS, LIQUIDATION AND REPORTING

Rule 8.30. Position Limits

Except with the prior permission of the President or his designee, to be confirmed in writing, no Trading Permit Holder shall make, for any account in which it has an interest or for the account of any customer, an opening transaction on any exchange if the Trading Permit Holder has reason to believe that as a result of such transaction the Trading Permit Holder or its customer would, acting alone or in concert with others, directly or indirectly, (a) control an aggregate position in an option contract dealt in on the Exchange in excess of 25,000 or 50,000 or 75,000 or 200,000 or 250,000 option contracts (whether long or short) of the put type and the call type on the same side of the market respecting the same underlying security, combining for purposes of this position limit long positions in put options with short positions in call options, and short positions in put options with long positions in call options, or such other number of option contracts as may be fixed from time to time by the Exchange as the position limit for one or more classes or series of options, or (b) exceed the applicable position limit fixed from time to time by another exchange for an option contract not dealt in on the Exchange, when the Trading Permit Holder is not a member of the other exchange on which the transaction was effected. In addition, should a Trading Permit Holder have reason to believe that a position in any account in which it has an interest or for the account of any customer is in excess of the applicable limit, such Trading Permit Holder shall promptly take the action necessary to bring the position into compliance. Reasonable notice shall be given of each new position limit fixed by the Exchange, by publicly posting notice thereof. Limits shall be determined in the manner described in Interpretations and Policies .02 and .04 below.

Interpretations and Policies

.01 *Examples*. The following examples, using the 25,000 option contract limit, illustrate the operation of position limits established by this Rule 8.30:

(a) Customer A, who is long 25,000 XYZ calls, may at the same time be short 25,000 XYZ calls, since long call and short call positions in the same class of options are on opposite sides of the market and are not aggregated for purposes of this Rule 8.30.

(b) Customer B, who is long 25,000 XYZ calls, may at the same time be long 25,000 XYZ puts. Rule 8.30 does not require the aggregation of long call and long put (or short call and short put) positions, since they are on opposite sides of the market.

(c) Customer C, who is long 20,000 XYZ calls, may not at the same time be short more than 5,000 XYZ puts, since the 25,000 contract limit applies to the aggregation of long call and short put positions in options covering the same underlying security. Similarly, if Customer C is also short 20,000 XYZ calls, he may not at the same time be long more than 5,000 XYZ puts, since the 25,000 contract limit applies separately to the aggregation of short call and long put positions in options covering the same underlying security.

.02 *Option Contract Limits*.

(a) The 25,000 option contract limit applies to those options having an underlying security that does not meet the requirements for a higher option contract limit.

(b) To be eligible for the 50,000 option contract limit, either the most recent six-month trading volume of the underlying security must have totaled at least 20,000,000 shares; or the most recent six-month trading volume of the underlying security must have totaled at least 15,000,000 shares and the underlying security must have at least 40,000,000 shares currently outstanding.

(c) To be eligible for the 75,000 option contract limit, either the most recent six-month trading volume of the underlying security must have totaled at least 40,000,000 shares; or the most recent six-month trading volume of the underlying security must have totaled at least 30,000,000 shares and the underlying security must have at least 120,000,000 shares currently outstanding.

(d) To be eligible for the 200,000 option contract limit, either the most recent six-month trading volume of the underlying security must have totaled at least 80,000,000 shares; or the most recent six-month trading volume of the underlying security must have totaled at least 60,000,000 shares and the underlying security must have at least 240,000,000 shares currently outstanding.

(e) To be eligible for the 250,000 option contract limit, either the most recent six-month trading volume of the underlying security must have totaled at least 100,000,000 shares; or the most recent six-month trading volume of the underlying security must have totaled at least 75,000,000 shares and the underlying security must have at least 300,000,000 shares currently outstanding.

(f) Every six months, the Exchange will review the status of underlying securities to determine which limit should apply. A higher limit will be effective on the date set by the Exchange, while any change to a lower limit will take effect after the last expiration then trading, unless the requirement for the same or a higher limit is met at the time of the intervening six-month review. However, if subsequent to a six-month review, an increase in volume and/or outstanding shares would make a stock eligible for a higher position limit prior to the next review, the Exchange in its discretion may immediately increase such position limit.

.03 *Control*.

(a) Control exists, under this Rule 8.30 and Rule 8.42, when it is determined that an individual or entity (1) makes investment decisions for an account or accounts, or (2) materially influences directly or indirectly the actions of any person who makes investment decisions.

(b) In addition, control will be presumed in the following circumstances:

(1) among all parties to a joint account who have authority to act on behalf of the account;

(2) among all general partners to a partnership account;

(3) when an individual or entity (A) holds an ownership interest of 10 percent or more in an entity (ownership interest of less than 10 percent will not preclude aggregation), or (B) shares in 10 percent or more of profits and/or losses of an account;

(4) when accounts have common directors or management;

(5) where a person or entity has the authority to execute transactions in an account.

(c) Control, presumed by one or more of the above findings or circumstances, can be rebutted by proving the factor does not exist or by showing other factors which negate the presumption of control. The rebuttal proof must be submitted by affidavit and/or such other documentary evidence as may be appropriate in the circumstances. The Exchange will also consider the following factors in determining if aggregation of accounts is required:

(1) similar patterns of trading activity among separate entities;

(2) the sharing of kindred business purposes and interests;

(3) whether there is common supervision of the entities which extends beyond assuring adherence to each entity's investment objectives and/or restrictions;

(4) the degree of contact and communication between directors and/or managers of separate accounts.

(d) Initial determinations under this Interpretation and Policy .03 shall be made by the Market Regulation Department of the Exchange. The initial determination may be reviewed by the President of the Exchange or his designee, based upon a report by the Market Regulation Department of the Exchange. A Trading Permit Holder or customer directly affected by such a determination may ask the President of the Exchange or his designee to reconsider but may not request any other review or appeal, except in the context of a disciplinary proceeding. The decision to grant non- aggregation under this Interpretation shall not be retroactive. The presumption of control shall exist until determined, as provided above, to not exist.

.04 *Equity Hedge Exemptions*.

(a) *Hedge Transactions and Positions*. The following qualified hedging transactions and positions described in subparagraphs (a)(1) through (a)(5) below shall be exempt from established position limits as prescribed under Interpretation and Policy .02 above. Hedge transactions and positions established pursuant to subparagraphs (a)(6) and (a)(7) below are subject to a position limit equal to five (5) times the standard limit established under Interpretation and Policy .02 above.

(1) Where each option contract is "hedged" or "covered" by 100 shares of the underlying security or securities convertible into such underlying security, or, in the case of an adjusted option contract, the same number of shares represented by the adjusted contract;

(A) long call and short stock;

(B) short call and long stock;

(C) long put and long stock;

(D) short put and short stock.

(2) A long call position accompanied by a short put position, where the long call expires with the short put, and the strike price of the long call and short put is equal, and where each long call and short put position is hedged with 100 shares (or other adjusted number of shares) of the underlying security or securities convertible into such stock ("reverse conversion").

(3) A short call position accompanied by a long put position where the short call expires with the long put, and the strike price of the short call and the long put is equal, and where each short call and long put position is hedged with 100 shares (or other adjusted number of shares) of the underlying security or securities convertible into such stock ("conversion").

(4) A short call position accompanied by a long put position, where the short call expires with the long put, and the strike price of the short call equals or exceeds the long put, and where each short call and long put position is hedged with 100 shares of the underlying security (or other adjusted number of shares). Neither side of the short call, long put position can be in-the-money at the time the position is established ("collar").

(5) A long call position accompanied by a short put position where the long call expires with the short put and the strike price of the long call equals or exceeds the short put and where each long call and short put position is hedged with 100 shares of the underlying security (or other adjusted number of shares). Neither side of the long call, short put position can be in-the-money at the time the position is established ("reverse collar").

(6) A long call position accompanied by a short put position with the same strike price and a short call position accompanied by a long put position with different strike price ("box spread").

(7) A listed option position hedged on a one-for one basis with an over-the-counter ("OTC") option position on the same underlying security. The strike price of the listed option position and corresponding OTC option position must be within one strike of each other and no more than one expiration month apart.

(8) For those strategies described under subparagraphs (a)(2)through (a)(5) above, one component of the option strategy can be an OTC option contract guaranteed or endorsed by the firm maintaining the proprietary position or carrying the customer account.

(9) An OTC option contract is defined as an option contract that is not listed on a National Securities Exchange or cleared at the Options Clearing Corporation.

(b) *Other Exemptions*. The equity hedge exemption is in addition to the standard limit and other exemptions available under Exchange rules, interpretations and policies.

(c) *Delta-Based Equity Hedge Exemption*.

* Note: The Delta-Based Equity Hedge Exemption for customers is not currently available and customers may not seek to rely on the Delta-Based Equity Hedge Exemption. The Exchange will issue a Regulatory Circular to announce when the Delta- Based Equity Hedge Exemption is available to customers.

The Delta-Based Equity Hedge Exemption is in addition to the standard limit and other exemptions available under Exchange rules, interpretations and policies. An equity option position of a Trading Permit Holder, non-Trading Permit Holder affiliate of a Trading Permit Holder or customer that is delta neutral shall be exempt from established position limits as prescribed under Interpretation and Policy .02 above, subject to the following:

(1) The term "delta neutral" refers to an equity option position that is hedged, in accordance with a permitted pricing model, by a position in the underlying security or one or more instruments relating to the underlying security, for the purpose of offsetting the risk that the value of the option position will change with incremental changes in the price of the security underlying the option position. Customers seeking to use the delta-based equity hedge exemption may only hedge their positions in accordance with a pricing model maintained and operated by the Clearing Corporation ("OCC Model").

In the case of an equity option position for which the underlying security is an ETF that is based on the same index as an index option, the equity option position and any position in the underlying ETF may be combined with such an index option position and/or correlated instruments, as defined in Rule 8.31.05(a), in accordance with Rule 8.31.05 - Delta-Based Index Hedge Exemption, for calculation of the delta-based equity hedge exemption.

(2) An equity option position that is not delta neutral shall be subject to position limits in accordance with this Rule 8.30 (subject to the availability of other position limit exemptions). Only the option contract equivalent of the net delta of such position shall be subject to the appropriate position limit. The "options contract equivalent of the net delta" is the net delta divided by the number of shares that equate to one option contract on a delta basis. The term "net delta" means, at any time, the number of shares and/or other units of trade (either long or short) required to offset the risk that the value of an equity option position will change with incremental changes in the price of the security underlying the option position, as determined in accordance with a permitted pricing model.

(3) A "permitted pricing model" means –

(A) OCC Model;

(B) A pricing model maintained and used by a Trading Permit Holder subject to consolidated supervision by the Commission pursuant to Appendix E of Commission Rule 15c3-1, or by an affiliate that is part of such Trading Permit Holder's consolidated supervised holding company group, in accordance with its

internal risk management control system and consistent with the requirements of Appendices E or G, as applicable, to SEC Rule 15c3-1 and SEC Rule 15c3-4 under the Act, as amended from time to time, in connection with the calculation of risk-based deductions from capital or capital allowances for market risk thereunder, provided that the Trading Permit Holder or affiliate of a Trading Permit Holder relying on this exemption in connection with the use of such model is an entity that is part of such Trading Permit Holder's consolidated supervised holding company group;

(C) A pricing model maintained and used by a financial holding company or a company treated as a financial holding company under the Bank Holding Company Act of 1956, or by an affiliate that is part of either such company's consolidated supervised holding company group, in accordance with its internal risk management control system and consistent with:

(i) the requirements of the Board of Governors of the Federal Reserve System, as amended from time to time, in connection with the calculation of risk-based adjustments to capital for market risk under capital requirements of the Board of Governors of the Federal Reserve System, provided that the Trading Permit Holder or affiliate of a Trading Permit Holder relying on this exemption in connection with the use of such model is an entity that is part of such company's consolidated supervised holding company group; or

(ii) the standards published by the Basel Committee on Banking Supervision, as amended from time to time and as implemented by such company's principal regulator, in connection with the calculation of risk-based deductions or adjustments to or allowances for the market risk capital requirements of such principal regulator applicable to such company - where "principal regulator" means a member of the Basel Committee on Banking Supervision that is the home country consolidated supervisor of such company - provided that the Trading Permit Holder or affiliate of a Trading Permit Holder relying on this exemption in connection with the use of such model is an entity that is part of such company's consolidated supervised holding company group;

(4) A pricing model maintained and used by an OTC derivatives dealer registered with the SEC pursuant to SEC Rule 15c3-1(a)(5) in accordance with its internal risk management control system and consistent with the requirements of Appendix F to SEC Rule 15c3-1 and SEC Rule 15c3-4 under the Act, as amended from time to time, in connection with the calculation of risk-based deductions from capital for market risk thereunder, provided that only such OTC derivatives dealer and no other affiliated entity (including a Trading Permit Holder) may rely on this subparagraph (c)(4); or

(5) A pricing model used by a national bank under the National Bank Act maintained and used in accordance with its internal risk management control

system and consistent with the requirements of the Office of the Comptroller of the Currency, as amended from time to time, in connection with the calculation of risk-based adjustments to capital for market risk under capital requirements of the Office of the Comptroller of the Currency, provided that only such national bank and no other affiliated entity (including a Trading Permit Holder) may rely on this subparagraph (c)(5).

(d) *Effect on Aggregation of Accounts*.

(1) Trading Permit Holders, non-Trading Permit Holder affiliates and customers who rely on the exemption under paragraph (c) above must ensure that the permitted pricing model is applied to all positions in or relating to the security underlying the relevant option position that are owned or controlled by such Trading Permit Holder, non-Trading Permit Holder affiliate or customers.

(2) Notwithstanding subparagraph (d)(1) above, the net delta of an option position held by an entity entitled to rely on this exemption, or by a separate and distinct trading unit of such entity, may be calculated without regard to positions in or relating to the security underlying the option position held by an affiliated entity or by another trading unit within the same entity, provided that:

(A) the entity demonstrates to the Exchange's satisfaction that no control relationship, as defined in Interpretation and Policy .03 above, exists between such affiliates or trading units*; and

(B) the entity has provided (by the Trading Permit Holder carrying the account as applicable) the Exchange written notice in advance that it intends to be considered separate and distinct from any affiliate or, as applicable, which trading units within the entity are to be considered separate and distinct from each other for purposes of this exemption.

* Note: The Exchange has set forth in Regulatory Circular RG08-12 the conditions under which it will deem no control relationship to exist between affiliates and between separate and distinct trading units within the same entity.

(3) Notwithstanding subparagraph (d)(1) or (d)(2) above, a Trading Permit Holder, non-Trading Permit Holder affiliate or customer who relies on this exemption shall designate, by prior written notice to the Exchange (to be obtained and provided by the Trading Permit Holder carrying the account as applicable), each trading unit or entity whose option positions are required under Exchange Rules to be aggregated with the option positions of such Trading Permit Holder, non-Trading Permit Holder affiliate or customer that is relying on this exemption for purposes of compliance with Exchange position limits or exercise limits. In any such case:

(A) the permitted pricing model shall be applied, for purposes of calculating such Trading Permit Holder's, affiliate's or customer's net delta, only to the positions in or relating to the security underlying any relevant option position owned and

controlled by those entities and trading units who are relying on this exemption; and

(B) the net delta of the positions owned or controlled by the entities and trading units who are relying on this exemption shall be aggregated with the non-exempt option positions of all other entities and trading units whose options positions are required under Exchange Rules to be aggregated with the option positions of such Trading Permit Holder, affiliate or customer.

(e) *Obligations of Trading Permit Holders*.

(1) A Trading Permit Holder that relies on the exemption under paragraph (c) above for a proprietary equity options position:

(A) must provide a written certification to the Exchange that it is using a permitted pricing model pursuant to paragraph (c) above; and

(B) by such reliance authorizes any other person carrying for such Trading Permit Holder an account including, or with whom such Trading Permit Holder has entered into, a position in or relating to a security underlying the relevant option position to provide to the Exchange or the Clearing Corporation such information regarding such account or position as the Exchange or Clearing Corporation may request as part of the Exchange's confirmation or verification of the accuracy of any net delta calculation under this exemption.

(2) The equity option positions of a non-Trading Permit Holder relying on this exemption must be carried by a Trading Permit Holder with which it is affiliated.

(3) A Trading Permit Holder carrying an account that includes an equity option position for a non-Trading Permit Holder affiliate that intends to rely on this exemption must obtain from such non-Trading Permit Holder affiliate and must provide to the Exchange:

(A) a written certification to the Exchange that the non-Trading Permit Holder affiliate is using a permitted pricing model pursuant to paragraph (c) above; and

(B) a written statement confirming that such non-Trading Permit Holder affiliate:

(i) is relying on this exemption;

(ii) will use only a permitted pricing model for purposes of calculating the net delta of its option positions for purposes of this exemption;

(iii) will promptly notify the Trading Permit Holder if it ceases to rely on this exemption;

(iv) authorizes the Trading Permit Holder to provide to the Exchange or the Clearing Corporation such information regarding positions of the non-Trading Permit Holder affiliate as the Exchange or Clearing Corporation

may request as part of the Exchange's confirmation or verification of the accuracy of any net delta calculation under this exemption; and

(v) if the non-Trading Permit Holder affiliate is using the OCC Model, has duly executed and delivered to the Trading Permit Holder such documents as the Exchange may require to be executed and delivered to the Exchange as a condition to reliance on this exemption.

(4) A Trading Permit Holder carrying an account that includes an equity option position for a customer who intends to rely on this exemption must obtain from such customer and provide to the Exchange:

(A) a written certification to the Exchange that the customer is using the OCC Model pursuant to subparagraph (c)(1) above; and

(B) a written statement confirming that such customer:

(i) is relying on this exemption;

(ii) will use only the OCC Model for purposes of calculating the net delta of the customer's option positions for purposes of this exemption;

(iii) will promptly notify the Trading Permit Holder if the customer ceases to rely on this exemption; and

(iv) in connection with using the OCC Model, has duly executed and delivered to the Trading Permit Holder such documents as the Exchange may require to be executed and delivered to the Exchange as a condition to reliance on this exemption.

(f) *Reporting*. Each Trading Permit Holder (other than an Exchange market-maker or DPM using the OCC Model) that holds or carries an account that relies on this exemption shall report, in accordance with Rule 8.43, all equity option positions (including those that are delta neutral) that are reportable thereunder. Each such Trading Permit Holder on its own behalf or on behalf of a designated aggregation unit pursuant to subparagraph (d) above shall also report, in accordance with Rule 8.43, for each such account that holds an equity option position subject to this exemption in excess of the levels specified in this Rule 8.30, the net delta and the options contract equivalent of the net delta of such position.

(g) *Records*. Each Trading Permit Holder relying on this exemption shall: (1) retain, and undertake reasonable efforts to ensure that any non-Trading Permit Holder affiliate of the Trading Permit Holder or customer relying on this exemption retains, a list of the options, securities and other instruments underlying each option position net delta calculation reported to the Exchange hereunder; and (2) produce such information to the Exchange upon request.

.05 *Market-Maker Exemptions*.

(a) The provisions set forth below apply only to Market-Makers seeking an exemption to the standard position limits in all options traded on the Exchange for the purpose of assuring that there is sufficient depth and liquidity in the marketplace, and not to confer a right upon the Market-Maker applying for an exemption. In light of the procedural safeguards, the purpose of this exemption process, and the prohibition against the granting of retroactive exemptions, decisions granting or denying exemptions are not subject to review under Chapter 15 of the Rules regarding Hearings and Review. The general provisions of the policy are as follows:

(1) An exemption may be granted for the purpose of maintaining a fair and orderly market in the options on a given underlying security.

(2) Generally, an exemption will be granted only to a Market-Maker who has requested an exemption, who holds an appointment to the option class in which the exemption is requested, whose positions are near the current position limit and who is significant in terms of in-person daily volume. The interpretation of this point is that the positions must generally be within 10% of the applicable limits in equity options and 20% of the applicable limits in broad-based index options, bond or note options.

(3) If an exemption is granted, it will be effective at the time the decision is communicated. Retroactive exemptions will not be granted.

(4) The size and length of an exemption will be determined on a case by case basis. (An exemption will usually be granted until the nearest expiration.) The exemption may specify the extent to which the resulting position may be carried in options in one or more expiration cycles.

(b) The following procedures have been established for Market-Makers nearing the limits due to general market conditions.

(1) A request for an exemption from the established position and exercise limits must be in writing and must state the specific reasons why an exemption should be granted.

(2) The request should be submitted to the Department of Market Regulation.

(3) The Exchange will review, among other factors, such matters as Market-Maker positions, trading activity, and comments by trading crowd members concerning market conditions. The Exchange will determine whether or not an exemption will be granted.

(4) To ensure same day review by the Exchange, exemption requests must be submitted to the Department of Market Regulation no later than 2:00 p.m. The Exchange's review will be conducted informally, and it may receive information in such manner as is most effective, in its discretion, to ascertain whether an exemption is necessary to maintain depth and liquidity in the market.

(5) The Market Regulation staff will communicate the exemption decision to the requesting Market-Maker and his clearing firm as soon as possible, generally on the day following Exchange review.

(A) Ordinarily, a first application will be considered by the Exchange without the presence of the applicant. If a Market-Maker's request for an exemption is denied and he wishes to reapply for an exemption, he may make a brief scheduled personal appearance before the Exchange.

(B) Granted exemptions may be reviewed by the Exchange, which can revoke or modify the exemption. Such reviews may be considered by the Exchange without the presence of the Market-Maker that originally received the exemption. If a granted exemption that is reviewed by the Exchange without the presence of the Market-Maker is revoked or modified and the Market-Maker wishes to reapply for the exemption or a modified exemption, the Market-Maker may make a brief scheduled personal appearance before the Exchange.

(c) Requests for instant exemptions should be made by contacting the Department of Market Regulation. Instant exemption requests will be considered in extraordinary situations, such as an order imbalance, an off-floor executable order in the crowd or position limit restrictions of Market-Makers who are near the limits intraday. Following its immediate review of the situation, the Exchange will make a decision whether an exemption is warranted, in accordance with criteria established by the Exchange. Following its decision, the Exchange will prepare the proper form and provide a copy to the Market-Maker. Granted instant exemptions may be reviewed by the Exchange, which can revoke or modify the exemption.

(d) A list of current exemptions will be posted in a generally accessible area and will include, but may not be limited to, the following information: the exemption recipient's name and the class, size, and duration of each exemption.

.06 *Firm Facilitation Exemption*. To the extent that the following procedures and criteria are satisfied, a TPH organization may receive and maintain for its proprietary account an exemption ("facilitation exemption") from the applicable standard position limit in non-multiply-listed Exchange options for the purpose of facilitating, pursuant to the provisions of Rule 5.87(d), (a) orders for its own customer (one that will have the resulting position carried with the firm) or (b) orders received from or on behalf of a customer for execution only against the TPH firm's proprietary account.

(a) The TPH organization must receive approval from the Exchange prior to executing facilitating trades. The facilitation exemption shall be granted to the TPH organization owning or controlling the account in which the exempt option positions are held. For purposes of this Interpretation and Policy .06, control shall be determined in accordance with the provision of Interpretation and Policy .03. Exchange approval may be given on the basis of verbal representations, in which event the TPH organization shall, within a period of time to be designated by the Exchange, furnish the Department of Market Regulation with appropriate forms and documentation substantiating the basis for the exemption. The approval for the facilitation exemption will specify the maximum number of contracts that may be exempt under this Interpretation and Policy. In no event may the aggregate exempted position under this Interpretation and Policy .06 exceed the number of contracts specified in the table as follows:

OPTION TYPE	FIRM FACILITATION EXEMPTION (is in addition to standard limit)
Equity	2 × applicable standard limit
Broad-based index (other than DJX,OEX or SPX)	2 × standard overall limit
Narrow-based (industry or sector) index	2 × applicable standard limit
Flexible Exchange (FLEX)	2 × FLEX standard limit
Interest rate	3 × standard limit
Government securities	2 × standard limit value

EXAMPLE: If a firm desires to facilitate customer order(s) in the XYZ option class, which is assumed to be a in a non-multiply listed class of options with a 50,000 contract standard position limit, the firm may qualify for a firm facilitation exemption of up to twice the standard limit or 100,000 contracts.

The facilitation exemption is in addition to the standard limit and other exemptions available under Exchange rules, interpretations and policies. A TPH organization so approved is hereinafter referred to as a "facilitation firm".

(b) The facilitation firm must provide all information required by the Exchange on approved forms and keep such information current. The facilitation firm shall promptly provide to the Exchange any information or documents requested concerning the exempted options positions and the positions hedging them. A copy of all applicable order tickets must be provided to the Department of Market Regulation on the day of execution.

(c) In addition, the facilitation firm shall comply with the following provisions regarding the execution of its customer's order and its own facilitating order:

(1) neither order may be contingent on "all or none" or "fill or kill" instructions;

(2) the orders may not be executed until Rule 5.87(d) procedures have been satisfied and crowd members have been given a reasonable time to participate pursuant thereto.

(d) To remain qualified, a facilitation firm must, within five business days after the execution of a facilitation exemption order, hedge all exempt options positions that have not previously been liquidated, and furnish the Department of Market Regulation with documentation reflecting the resulting hedging positions.

(e) The facilitation firm shall:

(1) liquidate and establish its customer's and its own options and stock positions or their equivalent in an orderly fashion, and not in a manner calculated to cause unreasonable price fluctuations or unwarranted price changes; and not initiate or liquidate its customer's or its own stock position or its equivalent with an equivalent index option position with a view toward taking advantage of any differential in price between a group of securities and an overlying stock index option;

(2) promptly notify the Exchange of any material change in the exempted options position or the hedge; and

(3) not increase the exempted option position once it is closed unless approval is received again pursuant to a reapplication under this Interpretation.

(f) Violation of any of these provisions, absent reasonable justification or excuse, shall result in withdrawal of the facilitation exemption and may form the basis for subsequent denial of an application for a facilitation exemption hereunder.

.07 *Interests in Registered Investment Companies*. The position limits under this Rule 8.30 applicable to options on shares or other securities that represent interests in registered investment companies (or series thereof) organized as open- end management investment companies, unit investment trusts or similar entities that satisfy the criteria set forth in Rule 4.3.06 shall be the same as the position limits applicable to equity options under Rule this 8.30 and Interpretations and Policies thereunder; except that the position limits under this Rule 8.30 applicable to option contracts on the securities listed in the below chart are as follows:

Security Underlying Option	**Position Limit**
The DIAMONDS Trust (DIA)	300,000 contracts
The Standard and Poor's Depositary Receipts Trust (SPY)	3,600,000 contracts
The iShares Russell 2000 ETF (IWM)	1,000,000 contracts
The PowerShares QQQ Trust (QQQ)	1,800,000 contracts
The iShares MSCI Emerging Markets ETF (EEM)	1,000,000 contracts
iShares China Large-Cap ETF ("FXI")	1,000,000 contracts
iShares MSCI EAFE ETF ("EFA")	1,000,000 contracts
iShares MSCI Brazil Capped ETF ("EWZ")	500,000 contracts
iShares 20+ Year Treasury Bond Fund ETF ("TLT")	500,000 contracts
iShares MSCI Japan ETF ("EWJ")	500,000 contracts

iShares iBoxx High Yield Corporate Bond Fund ("HYG")	500,000 contracts
Financial Select Sector SPDR Fund ("XLF")	500,000 contracts

.08 *Mini-option Contracts*. For purposes of determining compliance with the position limits under this Rule 8.30, 10 mini-option contracts (as permitted under Rule 4.5) shall equal one standard contract overlying 100 shares.

[Effective October 7, 2019 (SR-CBOE-2019-096); amended April 29, 2020 (SR-CBOE-2020-015)]

Rule 8.31. Position Limits for Broad-Based Index Options

(a) In determining compliance with Rule 8.30, there shall be no position limits for broad-based index option contracts (including reduced-value option contracts) on Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance, Cboe S&P 500 Three-Month Realized Volatility and on the BXM (1/10th value), DJX, OEX, XEO, NDX, RUT, VIX, VXN, VXD, VXST, S&P 500 Dividend Index, and SPX classes. All other broad-based index option contracts shall be subject to a contract limitation fixed by the Exchange, which shall not be larger than the limits provided in the chart below.

BROAD-BASED INDEX OPTION TYPE	STANDARD LIMIT (on the same side of the market)	RESTRICTIONS
Dow Jones Equity REIT Index	250,000 contracts	None
Lipper Analytical/Salomon Bros. Growth Fund Index Lipper Analytical/Salomon Bros. Growth and Income Fund Index	75,000 contracts	no more than 50,000 near-term
S&P 500/Barra Growth or Value	36,000 contracts in the aggregate	no more than 21,500 near-term
S&P SmallCap 600 GSTI Composite	100,000 contracts	no more than 60,000 near-term
Russell 1000 Russell 1000 Growth Russell 1000 Value Russell 2000 Growth	50,000 contracts	no more than 30,000 near-term

Russell 2000 Value Russell 3000 Russell 3000 Growth Russell 3000 Value Russell Midcap Russell Midcap Growth Russell Midcap Value Russell Top 200 Index Russell Top 200 Growth Index Russell Top 200 Value Index Mexico 30 Index Germany 25 Morgan Stanley Multinational Company Index Cboe Euro 25 Index Cboe Asian 25 Index		
MSCI Emerging Markets Index MSCI EAFE Index	50,000 contracts	None
Reduced Value NYSE Composite	45,000 contracts	no more than 25,000 near-term
Cboe Russell 2000 Volatility Index SM ("RVX SM")	50,000 contracts	no more than 30,000 near-term
Other broad-based index	25,000 contracts	no more than 15,000 near-term

(b) Nonstandard Expirations (as provided for in Rule 4.13(e), QIXs, Q-CAPS, Packaged Vertical Spreads and Packaged Butterfly Spreads on a broad-based index shall be aggregated with option contracts on the same broad-based index and shall be subject to the overall position limit.

(c) Index option contracts shall not be aggregated with option contracts on any stocks whose prices are the basis for calculation of the index.

(d) Positions in reduced-value index options shall be aggregated with positions in full-value indices. For example, if an index is reduced by one-tenth, 10 reduced-value contracts shall equal one contract. If an index is reduced by one-fifth, 5 reduced-value contracts shall equal one contract.

(e) Positions in Short Term Option Series, Quarterly Options Series, and Delayed Start Option Series shall be aggregated with positions in options contracts in the same index class.

Interpretations and Policies

.01 *Broad-based Index Hedge Exemption*. The broad-based index hedge exemption is in addition to the standard limit and other exemptions available under Exchange rules, interpretations and

policies. The following procedures and criteria must be satisfied to qualify for a broad-based index hedge exemption:

(a) The account in which the exempt option positions are held ("hedge exemption account") has received prior Exchange approval for the hedge exemption specifying the maximum number of contracts which may be exempt under this Interpretation and Policy .01. The hedge exemption account has provided all information required on Exchange-approved forms and has kept such information current. Exchange approval may be granted on the basis of verbal representations, in which event the hedge exemption account shall within two business days or such other time period designated by the Department of Market Regulation furnish the Department of Market Regulation with appropriate forms and documentation substantiating the basis for the exemption. The hedge exemption account may apply from time to time for an increase in the maximum number of contracts exempt from the position limits.

(b) A hedge exemption account that is not carried by a Cboe Options TPH organization must be carried by a member of a self-regulatory organization participating in the Intermarket Surveillance Group.

(c) The hedge exemption account maintains a qualified portfolio, or will effect transactions necessary to obtain a qualified portfolio concurrent with or at or about the same time as the execution of the exempt options positions, of:

> (1) a net long or short position in common stocks in at least four industry groups and contains at least twenty stocks, none of which accounts for more than fifteen percent of the value of the portfolio or in securities readily convertible, and additionally in the case of convertible bonds economically convertible, into common stocks which would comprise a portfolio, and/or
>
> (2) a net long or short position in index futures contracts or in options on index futures contracts, or long or short positions in index options or index warrants, for which the underlying index is included in the same margin or cross-margin product group cleared at the Options Clearing Corporation as the index option class to which the hedge exemption applies. To remain qualified, a portfolio must at all times meet these standards notwithstanding trading activity.

(d) The exemption applies to positions in broad-based index options dealt in on the Exchange and is applicable to the unhedged value of the qualified portfolio. The unhedged value will be determined as follows: (1) the values of the net long or short positions of all qualifying products in the portfolio are totaled; (2) for positions in excess of the standard limit, the underlying market value (A) of any economically equivalent opposite side of the market calls and puts in broad-based index options, and (B) of any opposite side of the market positions in stock index futures, options on stock index futures, and any economically equivalent opposite side of the market positions, assuming no other hedges for these contracts exist, is subtracted from the qualified portfolio; and (3) the market value of the resulting unhedged portfolio is equated to the appropriate number of exempt contracts as follows—the unhedged qualified portfolio is divided by the correspondent closing index value and the quotient is then divided by the index multiplier or 100.

(e) Positions in broad-based index options that are traded on the Exchange are exempt from the standard limits to the extent specified below.

BROAD-BASED INDEX OPTION TYPE	***BROAD-BASED INDEX HEDGE EXEMPTION (is in addition to standard limit)***
S&P 500/Barra Growth or Value	65,000 contracts
Other broad-based index	75,000 contracts

(f) Only the following qualified hedging transactions and positions are eligible for purposes of hedging a qualified portfolio (i.e. stocks, futures, options and warrants) pursuant to this Interpretation and Policy .01:

(1) Long put(s) used to hedge the holdings of a qualified portfolio;

(2) Long call(s) used to hedge a short position in a qualified portfolio;

(3) Short call(s) used to hedge the holdings of a qualified portfolio; and

(4) Short put(s) used to hedge a short position in a qualified portfolio.

The following strategies may be effected only in conjunction with a qualified stock portfolio:

(5) (for non-P.M. settled, European style index options only) A short call position accompanied by long put(s), where the short call(s) expires with the long put(s), and the strike price of the short call(s) equals or exceeds the strike price of the long put(s)(a "collar"). Neither side of the collar transaction can be in-the-money at the time the position is established. For purposes of determining compliance with Rules 8.30 and 8.31, a collar position will be treated as one contract;

(6) (for non-P.M. settled, European style index options only) A long put position coupled with a short put position overlying the same broad-based index and having an equivalent underlying aggregate index value, where the short put(s) expires with the long put(s), and the strike price of the long put(s) exceeds the strike price of the short put(s)(a "debit put spread position"); and

(7) (for non-P.M. settled, European style index options only) A short call position accompanied by a debit put spread position, where the short call(s) expires with the puts and the strike price of the short call(s) equals or exceeds the strike price of the long put(s). Neither side of the short call, long put transaction can be in-the-money at the time the position is established. For purposes of determining compliance with Rule 8.30 and this Rule 8.31, the short call and long put positions will be treated as one contract.

(g) The hedge exemption account shall:

(1) liquidate and establish options, stock positions, their equivalent or other qualified portfolio products in an orderly fashion; not initiate or liquidate positions in a manner calculated to cause unreasonable price fluctuations or unwarranted price changes; and not initiate or liquidate a stock position or its equivalent with an equivalent index option position with a view toward taking advantage of any differential in price between a group of securities and an overlying stock index option.

(2) liquidate any options prior to or contemporaneously with a decrease in the hedged value of the qualified portfolio which options would thereby be rendered excessive.

(3) promptly notify the Exchange of any material change in the qualified portfolio which materially affects the unhedged value of the qualified portfolio.

(h) If an exemption is granted, it will be effective at the time the decision is communicated. Retroactive exemptions will not be granted.

.02 *Compliance*.

(a) The hedge exemption account shall promptly provide to the Exchange any information requested concerning the qualified portfolio.

(b) Positions included in a qualified portfolio which serve to secure an index hedge exemption may not also be used to secure any other position limit exemption granted by the Exchange or any other self regulatory organization or futures contract market.

(c) Any Trading Permit Holder or TPH organization that maintains a broad-based index option position in such Trading Permit Holder's or TPH organization's own account or in a customer account, and has reason to believe that such position is in excess of the applicable limit, shall promptly take the action necessary to bring the position into compliance. Failure to abide by this provision shall be deemed to be a violation of Rule 8.30 and this Rule 8.31 by the Trading Permit Holder or TPH organization.

(d) Violation of any of the provisions of this Rule 8.31 and the interpretations and policies thereunder, absent reasonable justification or excuse, shall result in withdrawal of the index hedge exemption and may form the basis for subsequent denial of an application for an index hedge exemption hereunder.

.03 *Delta-Based Index Hedge Exemption*. The Delta-Based Index Hedge Exemption is in addition to the standard limit and other exemptions available under Exchange rules, interpretations and policies. An index option position of a member, non-member affiliate of a member or customer that is delta neutral shall be exempt from established position limits as prescribed under this Rule 8.31, subject to the following:

(a) *Delta Neutral Hedged Position*. The term "delta neutral" refers to an index option position that is hedged, in accordance with a permitted pricing model, by a position in one or more correlated instruments, for the purpose of offsetting the risk that the value of the option position will change

with incremental changes in the value of the underlying index. The term "correlated instruments" means securities and/or other instruments that track the performance of or are based on the same underlying index as the index underlying the option position (but not including baskets of securities). Customers seeking to use the delta-based index hedge exemption may only hedge their positions in accordance with the OCC Model as defined in Rule 8.30.04(c)(1).

(b) *Net Delta*. An index option position that is not delta neutral shall be subject to position limits in accordance with this Rule 8.31 (subject to the availability of other position limit exemptions). Only the options contract equivalent of the net delta of such position shall be subject to the appropriate position limit. The "options contract equivalent of the net delta" is the net delta divided by units of trade that equate to one option contract on a delta basis. The term "net delta" means, at any time, the number of shares and/or other units of trade (either long or short) required to offset the risk that the value of an index option position will change with incremental changes in the value of the underlying index, as determined in accordance with a permitted pricing model.

(c) *Permitted Pricing Model*. A "permitted pricing model" shall have the meaning as defined in Rule 8.30.04(c)(3).

(d) *Effect on Aggregation of Accounts*.

(1) Members, non-member affiliates and customers who rely on this exemption must ensure that the permitted pricing model is applied to all positions in correlated instruments that are owned or controlled by such member, non-member affiliate or customer.

(2) Notwithstanding subparagraph (d)(1) above, the net delta of an option position held by an entity entitled to rely on this exemption, or by a separate and distinct trading unit of such entity, may be calculated without regard to positions in correlated instruments held by an affiliated entity or by another trading unit within the same entity, provided that:

(A) the entity demonstrates to the Exchange's satisfaction that no control relationship, as defined in Rule 8.30.03, exists between such affiliates or trading units*; and

(B) the entity has provided (by the member carrying the account as applicable) the Exchange written notice in advance that it intends to be considered separate and distinct from any affiliate or, as applicable, which trading units within the entity are to be considered separate and distinct from each other for purposes of this exemption.

* Note: The Exchange has set forth in Regulatory Circular RG08-12 the conditions under which it will deem no control relationship to exist between affiliates and between separate and distinct trading units within the same entity.

(3) Notwithstanding subparagraph (d)(1) or (d)(2) above, a member, non-member affiliate or customer who relies on this exemption shall designate, by prior written notice to the Exchange (to be obtained and provided by the member carrying the account as applicable), each trading unit or entity whose option positions are required under Exchange Rules to be aggregated with the option positions of such member, non-member affiliate or customer

that is relying on this exemption for purposes of compliance with Exchange position limits or exercise limits. In any such case:

(A) the permitted pricing model shall be applied, for purposes of calculating such member's, affiliate's or customer's net delta, only to the positions in correlated instruments owned and controlled by those entities and trading units who are relying on this exemption; and

(B) the net delta of the positions owned or controlled by the entities and trading units who are relying on this exemption shall be aggregated with the non-exempt option positions of all other entities and trading units whose options positions are required under Exchange Rules to be aggregated with the option positions of such member, affiliate or customer.

(e) *Obligations of Members*.

(1) A member that relies on this exemption for a proprietary index options position:

(A) must provide a written certification to the Exchange that it is using a permitted pricing model pursuant to paragraph (c) above; and

(B) by such reliance authorizes any other person carrying for such member an account including, or with whom such member has entered into, a position in a correlated instrument to provide to the Exchange or the Clearing Corporation such information regarding such account or position as the Exchange or Clearing Corporation may request as part of the Exchange's confirmation or verification of the accuracy of any net delta calculation under this exemption.

(2) The index option positions of a non-member relying on this exemption must be carried by a member with which it is affiliated.

(3) A member carrying an account that includes an index option position for a non-member affiliate that intends to rely on this exemption must obtain from such non-member affiliate and must provide to the Exchange:

(A) a written certification to the Exchange that the non-member affiliate is using a permitted pricing model pursuant to paragraph (c) above; and

(B) a written statement confirming that such non-member affiliate:

(i) is relying on this exemption;

(ii) will use only a permitted pricing model for purposes of calculating the net delta of its option positions for purposes of this exemption;

(iii) will promptly notify the member if it ceases to rely on this exemption;

(iv) authorizes the member to provide to the Exchange or the Clearing Corporation such information regarding positions of the non-member affiliate as the Exchange or Clearing Corporation may request as part of the Exchange's confirmation or verification of the accuracy of any net delta calculation under this exemption; and

(v) if the non-member affiliate is using the OCC Model, has duly executed and delivered to the member such documents as the Exchange may require to be executed and delivered to the Exchange as a condition to reliance on this exemption.

(4) A member carrying an account that includes an index option position for a customer who intends to rely on this exemption must obtain from such customer and provide to the Exchange:

(A) a written certification to the Exchange that the customer is using the OCC Model pursuant to paragraph (c) above; and

(B) a written statement confirming that such customer:

(i) is relying on this exemption;

(ii) will use only the OCC Model for purposes of calculating the net delta of the customer's option positions for purposes of this exemption;

(iii) will promptly notify the member if the customer ceases to rely on this exemption;

(iv) in connection with using the OCC Model, has duly executed and delivered to the member such documents as the Exchange may require to be executed and delivered to the Exchange as a condition to reliance on this exemption.

(f) *Reporting*. Each member (other than an Exchange market-maker, DPM or LMM using the OCC Model) that holds or carries an account that relies on this exemption shall report, in accordance with Rule 8.43, all index option positions (including those that are delta neutral) that are reportable thereunder. Each such member on its own behalf or on behalf of a designated aggregation unit pursuant to Interpretation and Policy .05(d) above shall also report, in accordance with Rule 8.43, for each such account that holds an index option position subject to this exemption in excess of the levels specified in this Rule 8.31, the net delta and the options contract equivalent of the net delta of such position.

(g) *Records*. Each member relying on this exemption shall: (1) retain, and undertake reasonable efforts to ensure that any non-member affiliate of the member or customer relying on this exemption retains, a list of the options, securities and other instruments underlying each option position net delta calculation reported to the Exchange hereunder; and (2) produce such information to the Exchange upon request.

[Effective October 7, 2019 (SR-CBOE-2019-096); amended April 29, 2020 (SR-CBOE-2020-015)]

Rule 8.32. Position Limits for Industry Index Options

(a) In determining compliance with Rule 8.30, option contracts on an industry index shall, subject to the procedures specified in paragraph (c) below, be subject to the following position limits:

(1) 18,000 contracts if the Exchange determines, at the time of a review conducted pursuant to paragraph (b) below, that any single underlying stock accounted, on average, for 30% or more of the index value during the 30-day period immediately preceding the review; or

(2) 24,000 contracts if the Exchange determines, at the time of a review conducted pursuant to paragraph (b) below, that any single underlying stock accounted, on average, for 20% or more of the index value or that any five underlying stocks together accounted, on average, for more than 50% of the index value, but that no single stock in the group accounted, on average, for 30% or more of the index value, during the 30-day period immediately preceding the review; or

(3) 31,500 contracts if the Exchange determines that the conditions specified above which would require the establishment of a lower limit have not occurred.

(b) The Exchange shall make the determinations required by paragraph (a) above with respect to options on each industry index at the commencement of trading of such options on the Exchange and thereafter review the determination semi- annually on January 1 and July 1.

(c) If the Exchange determines, at the time of a semi-annual review, that the position limit in effect with respect to options on a particular industry index is lower than the maximum position limit permitted by the criteria set forth in paragraph (a) above, the Exchange may effect an appropriate position limit increase immediately. If the Exchange determines, at the time of a semi-annual review, that the position limit in effect with respect to options on a particular industry index exceeds the maximum position limit permitted by the criteria set forth in paragraph (a) above, the Exchange shall reduce the position limit applicable to such options to a level consistent with such criteria; provided, however, that such a reduction shall not become effective until after the expiration date of the most distantly expiring option series relating to the industry index, which is open for trading on the date of the review; and provide further that such a reduction shall not become effective if the Exchange determines, at the next succeeding semi-annual review, that the existing position limit applicable to such options is consistent with the criteria set forth in paragraph (a) above.

(d) Index option contracts shall not be aggregated with option contracts on any stocks whose prices are the basis for calculation of the index.

(e) Positions in reduced-value index options shall be aggregated with positions in full-value index options. For such purposes, ten reduced-value options shall equal one full-value contract.

(f) Positions in Short Term Option Series, Quarterly Options Series, and Delayed Start Option Series shall be aggregated with positions in options contracts in the same index class.

Interpretations and Policies

.01 *Industry Index Hedge Exemption*.

(a) The industry (narrow-based) index hedge exemption is in addition to the standard limit and other exemptions available under Exchange rules, interpretations and policies, and may not exceed twice the standard limit established under this Rule 8.32. Industry index option positions may be exempt from established position limits for each option contract "hedged" by an equivalent dollar amount of the underlying component securities or securities convertible into such components; provided that, in applying such hedge, each option position to be exempted is hedged by a position in at least 75% of the number of component securities underlying the index. In addition, the underlying value of the option position may not exceed the value of the underlying portfolio. The value of the portfolio is:

(1) the total market value of the net stock position; and

(2) for positions in excess of the standard limit, subtract the underlying market value of:

(A) any offsetting calls and puts in the respective index option; and

(B) any offsetting positions in related stock index futures or options; and

(C) any economically equivalent positions (assuming no other hedges for these contracts exist).

(b) The following procedures and criteria must be satisfied to qualify for an industry index hedge exemption:

(1) The account in which the exempt option positions are held ("hedge exemption account") has received prior Exchange approval for the hedge exemption specifying the maximum number of contracts which may be exempt under this Interpretation and Policy .01. The hedge exemption account has provided all information required on Exchange-approved forms and has kept such information current. Exchange approval may be granted on the basis of verbal representations, in which event the hedge exemption account shall within two business days or such other time period designated by the Department of Market Regulation furnish the Department of Market Regulation with appropriate forms and documentation substantiating the basis for the exemption. The hedge exemption account may apply from time to time for an increase in the maximum number of contracts exempt from the position limits.

(2) A hedge exemption account that is not carried by a Cboe Options TPH organization must be carried by a member of a self-regulatory organization participating in the Intermarket Surveillance Group.

(3) The hedge exemption account shall liquidate and establish options, stock positions, or economically equivalent positions in an orderly fashion; not initiate or liquidate positions in a manner calculated to cause unreasonable price fluctuations or unwarranted price changes; and not initiate or liquidate a stock position or its equivalent with an equivalent

index option position with a view toward taking advantage of any differential in price between a group of securities and an overlying stock index option. The hedge exemption account shall liquidate any options prior to or contemporaneously with a decrease in the hedged value of the portfolio which options would thereby be rendered excessive. The hedge exemption account shall promptly notify the Exchange of any change in the portfolio which materially affects the unhedged value of the portfolio.

(c) If an exemption is granted, it will be effective at the time the decision is communicated. Retroactive exemptions will not be granted.

.02 *Compliance*.

(a) The hedge exemption account shall promptly provide to the Exchange any information requested concerning the portfolio.

(b) Positions included in a portfolio which serve to secure an index hedge exemption may not also be used to secure any other position limit exemption granted by the Exchange or any other self-regulatory organization or futures contract market.

(c) Any Trading Permit Holder or TPH organization that maintains an industry index option position in such Trading Permit Holder's or TPH organization's own account or in a customer account, and has reason to believe that such position is in excess of the applicable limit, shall promptly take the action necessary to bring the position into compliance. Failure to abide by this provision shall be deemed to be a violation of Rule 8.30 and this Rule 8.32 by the Trading Permit Holder or TPH organization.

(d) Violation of any of the provisions of this Rule 8.32 and the interpretations and policies thereunder, absent reasonable justification or excuse, shall result in withdrawal of the index hedge exemption and may form the basis for subsequent denial of an application for an index hedge exemption hereunder.

.03 *Delta-Based Industry Index Hedge Exemption*.

The Delta-Based Index Hedge Exemption provided under Rule 8.31.05 may also be applied to industry index option positions. The Delta-Based Industry Index Hedge Exemption is in addition to the standard limit and other exemptions available under Exchange rules, interpretations and policies.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.33. Position Limits for Options on Micro Narrow-Based Indexes

In determining compliance with Rule 8.30, cash-settled option contracts on any Micro Narrow-Based Index, as defined and determined under Rule 4.10(d), shall be subject to the following methodologies for determining the applicable position limits.

(a) *Determining the Position Limits*. The position limit for a cash-settled option on a Micro Narrow-Based Index that meets the criteria under Rule 4.10(d) shall be calculated in accordance with the following methodology:

(1) Determine the Market Capitalization of the S&P 500 Index.

(2) Calculate the Notional Value of a position at the limit in the Chicago Mercantile Exchange's ("CME") S&P 500 futures contract. The position limit for that contract is 20,000 (in all months combined) and the Index Multiplier is $250.

Notional Value for the purposes of subparagraph (a)(1) above = Index Level * Index Multiplier. Therefore,

Notional Value of 20,000 S&P 500 futures contracts = 20,000 * S&P 500 Index Level * 250.

(3) Calculate the Market Capitalization Ratio of the S&P 500 Index Market Capitalization to the Notional Value of a position limit at the limit.

Market Capitalization Ratio = Market Capitalization of the S&P 500 ÷ Notional Value of 20,000 S&P 500 futures contract positions.

(4) Determine the Market Capitalization of the Micro Narrow-Based Index by adding together the market capitalization of each underlying security component.

(5) Determine the Notional Value of the Micro Narrow-Based Index Option (Index Level * Contract Multiplier).

(6) Calculate the Position Limit of the Micro Narrow-Based Index using the following formula:

Contract Position Limit on the Micro Narrow-Based Index = Market Capitalization of Micro Narrow-Based Index ÷ (Notional Value of Micro Narrow-Based Index Option * Market Capitalization Ratio).

(b) *Establishing the Position Limit*. After the applicable position limit has been determined pursuant to paragraph (a) above, round the calculated position limit to the nearest 1,000 contracts using standard rounding procedures. For position limits that are 400 or greater, but less than 1000 contracts, round up to 1,000 contracts. Rule 4.10(d) shall not apply to any Micro Narrow-Based Index in which the applicable position limit, as calculated using paragraph (a) above, for that Micro Narrow-Based Index is less than 400 contracts.

(c) *Aggregation of Positions*. Positions in Short Term Option Series, Quarterly Options Series, and Delayed Start Option Series shall be aggregated with positions in options contracts in the same index class.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.34. Position Limits for Individual Stock or ETF Based Volatility Index Options

(a) In determining compliance with Rule 8.30, Individual Stock or ETF Based Volatility Index options (as defined in Rule 4.11) shall have a position limit equal to 50,000 contracts on either side of the market, and no more than 30,000 contracts in the nearest expiration month.

(b) In determining compliance with the position limits set forth in paragraph (a) above, Individual Stock or ETF Based Volatility Index options shall not be aggregated with the index component option contracts on the corresponding underlying security (e.g., individual stock or exchange-traded fund).

(c) Positions in Short Term Options Series, Quarterly Options Series, and Delayed Start Options Series will be aggregated with position in options contracts on the same Individual Stock or ETF Based Volatility Index class.

Interpretations and Policies

.01 *Hedge Exemption*.

The hedge exemption for Individual Stock or ETF Based Volatility Index options is in addition to the standard limit and other exemptions available under Exchange rules, interpretations and policies. The following procedures and criteria must be satisfied to qualify for the hedge exemption:

(a) The account in which the exempt option positions are held ("hedge exemption account") has received prior Exchange approval for the hedge exemption specifying the maximum number of contracts which may be exempt under this Interpretation and Policy. The hedge exemption account has provided all information required on Exchange-approved forms and has kept such information current. Exchange approval may be granted on the basis of verbal representations, in which event the hedge exemption account shall within two business days or such other time period designated by the Department of Market Regulation furnish the Department of Market Regulation with appropriate forms and documentation substantiating the basis for the exemption. The hedge exemption account may apply from time to time for an increase in the maximum number of contracts exempt from the position limits.

(b) A hedge exemption account that is not carried by a Cboe Options TPH organization must be carried by a member of a self-regulatory organization participating in the Intermarket Surveillance Group.

(c) The hedge exemption account maintains a qualified portfolio, or will effect transactions necessary to obtain a qualified portfolio concurrent with or at or about the same time as the execution of the exempt options positions, of a net long or short position in Individual Stock or ETF Based Volatility Index futures contracts or in options on Individual Stock or ETF Based Volatility Index futures contracts, or long or short positions in Individual Stock or ETF Based Volatility Index options, for which the underlying Individual Stock or ETF Based Volatility Index is included in the same margin or cross-margin product group cleared at the Clearing Corporation as the Individual Stock or ETF Based Volatility Index option class to which the hedge exemption

applies. To remain qualified, a portfolio must at all times meet these standards notwithstanding trading activity.

(d) The exemption applies to positions in Individual Stock or ETF Based Volatility Index options dealt in on the Exchange and is applicable to the unhedged value of the qualified portfolio. The unhedged value will be determined as follows: (1) the values of the net long or short positions of all qualifying products in the portfolio are totaled; (2) for positions in excess of the standard limit, the underlying market value (A) of any economically equivalent opposite side of the market calls and puts in broad-based index options, and (B) of any opposite side of the market positions in Individual Stock or ETF Based Volatility Index futures, options on Individual Stock or ETF Based Volatility Index futures, and any economically equivalent opposite side of the market positions, assuming no other hedges for these contracts exist, is subtracted from the qualified portfolio; and (3) the market value of the resulting unhedged portfolio is equated to the appropriate number of exempt contracts as follows—the unhedged qualified portfolio is divided by the correspondent closing index value and the quotient is then divided by the index multiplier or 100.

(e) Only the following qualified hedging transactions and positions are eligible for purposes of hedging a qualified portfolio (i.e., futures and options) pursuant to this Interpretation and Policy .01:

(1) Long put(s) used to hedge the holdings of a qualified portfolio;

(2) Long call(s) used to hedge a short position in a qualified portfolio;

(3) Short call(s) used to hedge the holdings of a qualified portfolio; and

(4) Short put(s) used to hedge a short position in a qualified portfolio.

The following strategies may be effected only in conjunction with a qualified stock portfolio:

(5) A short call position accompanied by long put(s), where the short call(s) expires with the long put(s), and the strike price of the short call(s) equals or exceeds the strike price of the long put(s)(a "collar"). Neither side of the collar transaction can be in-the-money at the time the position is established. For purposes of determining compliance with Rule 8.30 and this Rule 8.34, a collar position will be treated as one contract;

(6) A long put position coupled with a short put position overlying the same Individual Stock or ETF Based Volatility Index and having an equivalent underlying aggregate index value, where the short put(s) expires with the long put(s), and the strike price of the long put(s) exceeds the strike price of the short put(s) (a "debit put spread position"); and

(7) A short call position accompanied by a debit put spread position, where the short call(s) expires with the puts and the strike price of the short call(s) equals or exceeds the strike price of the long put(s). Neither side of the short call, long put transaction can be in-the-money at the time the position is established. For purposes of determining compliance with Rule 8.30 and this Rule 8.34, the short call and long put positions will be treated as one contract.

(f) The hedge exemption account shall:

(1) liquidate and establish options, their equivalent or other qualified portfolio products in an orderly fashion; not initiate or liquidate positions in a manner calculated to cause unreasonable price fluctuations or unwarranted price changes.

(2) liquidate any options prior to or contemporaneously with a decrease in the hedged value of the qualified portfolio which options would thereby be rendered excessive.

(3) promptly notify the Exchange of any material change in the qualified portfolio which materially affects the unhedged value of the qualified portfolio.

(g) If an exemption is granted, it will be effective at the time the decision is communicated. Retroactive exemptions will not be granted.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.35. Position Limits for FLEX Options

(a) *FLEX Index Options*.

(1) In determining compliance with Rules 8.30, 8.31, 8.32 and 8.33, FLEX Index Options shall be subject to FLEX contract position limitations fixed by the Exchange in accordance with the provisions of this Rule.

(2) Except as otherwise provided in paragraph (b) below of this Rule, in no event shall the position limits for a broad-based FLEX Index Option class exceed in the aggregate 200,000 contracts on the same side of the market.

(3) In no event shall the position limits for an industry-based FLEX Index Option class exceed one times the applicable number of Non-FLEX Index Option contracts (whether long or short) of the put class and the call class on the same side of the market, as determined on the basis of the position limits established pursuant to Rule 8.32 provided, however, the position limits for an industry-based FLEX Index Option class shall not exceed four times the applicable position limits established pursuant to Rule 8.32, instead of one times as provided above, for: (1) the Dow Jones Transportation Average or the Dow Jones Utility Average; or (2) an underlying industry-based index that is not a "narrow-based security index," as defined under Section 3(a)(55)(B) of the Exchange Act.

(4) In no event shall the position limits for a micro narrow-based FLEX Index Option class exceed one times the applicable number of Non-FLEX Index Option contracts (whether long or short) of the class on the same side of the market, as determined on the basis of the position limits established pursuant to Rule 8.33.

(5) The position limits for FLEX Individual Stock or ETF Based Volatility Index Options are equal to the position limits for Non-FLEX Individual Stock or ETF Based Volatility Index Options established pursuant to Rule 8.34.

(5) The position limits for FLEX Index options on the FTSE 100 Index (1/10 th), FTSE China 50 Index (1/100 th), FTSE Emerging Index, FTSE Developed Europe Index, MSCI EAFE Index and MSCI Emerging Market Index are equal to the position limits for Non-FLEX options on the FTSE 100 Index (1/10 th), FTSE China 50 Index (1/100 th), FTSE Emerging Index, FTSE Developed Europe Index, MSCI EAFE Index and MSCI Emerging Market Index.

(b) *Certain Broad-Based FLEX Index Options*. There shall be no position limits for FLEX BXM (1/10th value), DJX, NDX, OEX, RUT, S&P 500 Dividend Index, SPX, VIX, VXN, VXD, Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance, Cboe S&P 500 Three-Month Realized Volatility or XEO option contracts (including reduced-value option contracts). However, each Trading Permit Holder or TPH organization (other than a FLEX Market-Maker) that maintains a FLEX broad-based index option position on the same side of the market in excess of 100,000 contracts for NDX, OEX, RUT, S&P 500 Dividend Index, SPX, VIX, VXN, VXD, Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance, Cboe S&P 500 Three-Month Realized Volatility or XEO and 1 million contracts for BXM (1/10th value) and DJX, for its own account or for the account of a customer, shall report information as to whether the positions are hedged and provide documentation as to how such contracts are hedged, in the manner and form prescribed by the Exchange. In calculating the applicable contract-reporting amount, reduced-value contracts will be aggregated with full- value contracts and counted by the amount by which they equal a full-value contract (e.g., 10 XSP options equal 1 SPX full-value contract). The Exchange may specify other reporting requirements of this interpretation as well as the limit at which the reporting requirement may be triggered. In addition, whenever the Exchange determines that a higher margin is warranted in light of the risks associated with an under-hedged FLEX BXM (1/10th value), DJX, NDX, OEX, RUT, S&P 500 Dividend Index, SPX, VIX, VXN, VXD, Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance, Cboe S&P 500 Three-Month Realized Volatility or XEO options position, the Exchange may consider imposing additional margin upon the account maintaining such under-hedged position, pursuant to its authority under Rule 10.10. Additionally, it should be noted that the clearing firm carrying the account will be subject to capital charges under Rule 15c3-1 under the Exchange Act to the extent of any margin deficiency resulting from the higher margin requirements.

(c) *FLEX Equity Options*. There shall be no position limits for FLEX Equity Options. However, each Trading Permit Holder or TPH organization (other than a Market-Maker or a Designated Primary Market- Maker) that maintains a position on the same side of the market in excess of the standard limit under Rule 8.30 for Non-FLEX Equity options of the same class on behalf of its own account or for the account of a customer shall report information on the FLEX Equity option position, positions in any related instrument, the purpose or strategy for the position, and the collateral used by the account. This report shall be in the form and manner prescribed by the Exchange. In addition, whenever the Exchange determines that a higher margin requirement is necessary in light of the risks associated with a FLEX Equity option position in excess of the standard limit for Non-FLEX Equity options of the same class, the Exchange may consider imposing additional margin upon the account maintaining such under-hedged position, pursuant to its authority under Rule 12.10. Additionally, it should be noted that the clearing firm carrying the account will be subject to capital charges under Rule 15c3-1 under the Exchange Act to the extent of any margin deficiency resulting from the higher margin requirement.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.36. Position Limits for Binary Options

(a) *Fixed Limit*. In determining compliance with Rule 8.30, the position limit for binary options on a broad-based index for which traditional options on the same broad-based index have no position limit, as set forth in Rule 8.31, shall be 15,000 contracts, provided that the exercise settlement amount is $10,000. For binary options that have an exercise settlement amount that is not equal to $10,000, the position limit shall be 15,000 times the ratio of 10,000 to the exercise settlement amount (e.g., if the binary option exercise settlement amount is $1,000, then the position limit is 150,000 contracts. If the binary option exercise settlement amount is $12,000, then the position limit is 12,500 contracts).

(b) *Formulaic Limit*. For binary options on a broad-based index for which traditional options on the same broad-based index have a position limit, as set forth in Rule 8.31, the position limit shall be calculated in accordance with the following methodology:

(1) Determine the Market Capitalization of the S&P 500 Index.

(2) Determine the Market Capitalization of the broad-based index underlying the binary option.

(3) Calculate the Market Capitalization Ratio of the broad-based index underlying the binary option to the Market Capitalization of the S&P 500 Index.

(4) The position limit for binary options subject to a formulaic limit with an exercise settlement amount of $10,000 shall be:

(A) 10,000 contracts if the Market Capitalization Ratio is greater than or equal to 0.50;

(B) 5,000 contracts if the Market Capitalization Ratio is less than 0.50 but greater than or equal to 0.25;

(C) 2,500 contracts if the Market Capitalization Ratio is less than 0.25 but greater than or equal to 0.10.

(D) The Exchange will seek Commission approval prior to establishing position limits for binary options on broad-based indexes that have a Market Capitalization Ratio that is less than 0.10.

(5) For binary options that have an exercise settlement amount that is not equal to $10,000, the position limit shall be the ratio of 10,000 to the exercise settlement amount multiplied by the applicable formulaic limit.

(c) *Aggregated Positions*. Positions in binary options on the same broad-based index that have different exercise settlement amounts shall be aggregated.

(d) *Non-binary*. In determining compliance with the position limits set forth in this Rule 8.36, binary options shall not be aggregated with non-binary option contracts on the same or similar underlying security or broad-based index. In addition, binary options on broad-based indexes shall not be aggregated with non-binary option contracts on an underlying stock or stocks included within such broad-based index, and binary options on one broad-based index shall not be aggregated with binary options on any other broad-based index.

(e) *Market Side*. For purposes of the position limits established under this Rule 8.36, long positions in put binary options and short positions in call binary options shall be considered to be on the same side of the market; and short positions in put binary options and long positions in call binary options shall be considered to be on the same side of the market.

(f) *Hedge Exemption*. Binary options shall not be subject to the hedge exemption to the standard position limits found in Rule 8.30. The following qualified hedge exemption strategies and positions shall be exempt from the established position limits as prescribed in the Rule above. For purposes of this Rule, qualified hedge strategies or positions are defined as follows:

(1) A binary option position "hedged" or "covered" by an appropriate amount of cash to meet the settlement obligation (e.g., $1,000 for a binary option with an exercise settlement amount of $1,000).

(2) A binary option position "hedged" or "covered" by a sufficient amount of a related or similar security to meet the settlement obligation.

(3) A binary option position "hedged" or "covered" by a traditional option covering the same underlying broad-based index sufficient to meet the settlement obligation.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.37. Position Limits for Range Options

In determining compliance with Rules 8.30, 8.31, 8.32, and 8.33, cash-settled Range Option contracts shall have a position limit equal to those for options on the same underlying index. Range Options shall be aggregated with option contracts on the same underlying index, including other classes of Range Options overlying the same index.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.38. Position Limits for Corporate Debt Security Options

Establishment of Position Limit. In determining compliance with Rule 8.30, options contracts on Corporate Debt Securities shall be subject to a contract limitation fixed by the Exchange, of the put type and the call type on the same side of the market, which shall not be larger than the limits provided in the chart below:

Issue Float	**Position Limit**

$200,000,000 - $499,999,000	200 contracts
$500,000,000 - $749,999,000	500 contracts
$750,000,000 - $999,999,000	750 contracts
$1,000,000,000 - $2,499,999,000	1,000 contracts
$2,500,000,000 and greater	2,500 contracts]

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.39. Position Limits for Credit Options

(a) In determining compliance with Rule 8.30, Credit Default Option contracts with a cash settlement value of $100,000 per contract (equal to an exercise settlement value of $100 multiplied by a contract multiplier of 1,000) shall have a position limit equal to 5,000 contracts on the same side of the market. In calculating the applicable position limits, reduced-value contracts (i.e., Credit Default Options with a cash settlement value of less than $100,000 per contract) will be aggregated with full-value contracts and counted by the amount by which they equal a full-value contract (e.g., 10 Credit Default Option contract with a cash settlement value of $10,000 per contract (equal to an exercise settlement value of $100 multiplied by a contract multiplier of 100) equal one full-value contract). Cash-settled Credit Default Basket Options shall have a position limit equal to 50,000 contracts on the same side of the market.

(b) In determining compliance with the position limits set forth in paragraph (a) above, Credit Options shall not be aggregated with option contracts on the same or similar underlying security.

(c) Credit Options shall not be subject to the hedge exemption to the standard position limits found in Rule 8.30.04. The following qualified hedge exemption strategies and positions shall be exempt from the established position limits as prescribed in the Rule above:

> (1) A Credit Option position "hedged" or "covered" by an appropriate amount of cash to meet the cash settlement amount obligation (e.g., $100,000 for a Credit Default Option with an exercise settlement value of $100 and a contract multiplier of 1,000 or $100,000 for a Credit Default Basket Option with a Notional Face Value of Basket of $100,000).
>
> (2) A Credit Default Option position "hedged" or "covered" by a sufficient amount of the underlying Relevant Obligation(s) and/or other securities, instruments or interests related to the Reference Entity to meet the cash settlement amount obligation (e.g., a long Credit Default Option position could be offset by a long position in a debt security of the Reference Entity that is worth $100,000 per contract (or the applicable adjusted amount) and short Credit Default Option position could be offset by a short position in a debt security of the Reference Entity that is worth $100,000 per contract (or the applicable adjusted amount)).

(3) A Credit Default Basket Option position "hedged" or "covered" by a sufficient amount of any of the Basket Component debt securities, instruments or interests related to the Reference Entity that equals the sum of the cash settlement amounts for Basket Components for a Multiple Payout Credit Default Basket Option or equals the maximum Basket Component cash settlement amount for a Single Payout Credit Default Basket Option.

(d) Credit Options shall be subject to the Market-Maker hedge and firm facilitation exemptions to the standard position limits found in Rule 8.30.05 and .06, respectively. With respect to the Market-Maker hedge exemption, the positions must generally be within 20% of the applicable limits of the Credit Option before an exemption will be granted as described in Rule 8.30.05(a) (2). With respect to the firm facilitation exemption, the aggregate exemption position may not exceed 3 × the standard limits set forth in paragraph (a) above and be consistent with the procedures described in Rule 8.30.06.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.40. Position Limits for Government Security Options

(a) *Establishment of Position Limit*. In determining compliance with Rule 8.30, options on a Treasury security shall be subject to a contract limitation (whether long or short) of the put type and the call type on the same side of the market covering a value no greater than 10% of the value of the initial or reopened public issuance, rounded to the next lower $100 million interval, combining for purposes of this position limit long positions in put options with short positions in call options, and short positions in put options with long positions in call options, or such other lower amount of options as may be fixed from time to time by the Exchange as the position limit for one or more classes or series of options. Reasonable notice shall be given of each new position limit fixed by the Exchange, by posting notice thereof on the bulletin board of the Exchange. In no event shall the position limit exceed a position on either side of the market covering a value in excess of $1,200,000,000 of the underlying securities.

(b) *Maintenance of Position Limit*. In the event that any of the underlying Treasury Securities are reported as "separate trading of registered interest and principal of securities" ("strips") in the Monthly Statement of the Public Debt of the United States Government (hereinafter "Monthly Report"), or such other report or compilation as may be selected from time to time by the Exchange, such stripping shall be taken into account in determining whether the position limit as initially established under paragraph (a) above ("the established position limit") can be maintained (the remaining non-stripped underlying securities are hereinafter referred to as "the non-stripped securities"). The established position limit may remain so long as the position limit covers a principal amount of underlying securities not in excess of 12% of the non-stripped securities. In the event that the established position limit covers a principal amount of securities in excess of 12% of the non-stripped securities, the Exchange shall reestablish the position limit to cover a principal amount of underlying securities not in excess of 12% of the non- stripped securities. Revisions to the position limits as provided herein will become effective the Monday following the provision of notice thereof. Except as otherwise exempted under Rule 8.30, persons whose positions exceed revised position limits may only engage in liquidating transactions until their positions are lower than the revised position limits.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.41. Position Limits for Interest Rate Options

(a) In determining compliance with Rule 8.30, interest rate options shall be subject to a contract limitation (whether long or short) of the put class and the call class on the same side of the market covering no more than:

(1) 5,000 contracts in the case of an option on an interest rate measure respecting a short term Treasury Security or Securities; and

(2) 25,000 contracts in the case of an option on an interest rate measure respecting a long term Treasury Security or Securities.

(b) Bona fide hedging positions that are traded on the Exchange and held in the aggregate by a public customer (whose orders would be eligible to be placed on the book under Rule 6.11) are exempt from subparagraph (a)(2) above to the extent that the following procedures and criteria are satisfied:

(1) Only the following bona fide hedging transactions and positions are eligible for exemption hereunder:

(A) Long call(s) used to hedge a long position in a qualified portfolio (as defined below in subparagraph (b)(2));

(B) Long put(s) used to hedge a short position in a qualified portfolio;

(C) Short put(s) used to hedge a long position in a qualified portfolio (a "covered yield write position");

(D) Short call(s) used to hedge a short position in a qualified portfolio;

(E) A covered yield write position accompanied by long call(s) where the short put(s) expire with the long call(s), and the strike price of the short put(s) equals or is less than the strike price of the long call(s);

(F) A long call position coupled with a short call position, where the short call(s) expires with the long call(s), and the strike price of the long call(s) equals or is less than the strike price of the short call(s), and where the total position is used to hedge a long position in a qualified portfolio (a "debit yield call spread position");

(G) A covered yield write position accompanied by a debit yield call spread position, where the short put(s) expires with the call(s) and the strike price of the short put(s) equals or is less than the strike price of the long call(s).

(2) A "qualified portfolio," as that term is used in this Rule 8.41, is a portfolio of net long or short positions in long-term Treasury Securities.

(3) The customer must receive approval for the hedge exemption from the Department of Market Regulation. Exchange approval may be granted on the basis of verbal representations, in which event the customer shall, within a time period to be designated by the Exchange, furnish the Department of Market Regulation with appropriate forms and documentation substantiating the basis for the exemption. Where applicable, the hedge exemption shall be granted to an individual or organization controlling or managing the customer account in which the exempt option positions are held (the "money manager"). For purposes of this subparagraph (b)(3), control shall be determined as provided in Rule 8.30.03 and positions in all accounts controlled or managed by the money manager shall be aggregated for position limit purposes. In no event shall any money manager hold:

> (A) in its aggregated accounts, more than 125,000 exempted same- side of the market option contracts; or
>
> (B) in any single account, more than 75,000 exempted same-side of the market option contracts.

A customer or money manager that obtains Exchange approval for the hedge exemption is hereinafter referred to as a "hedge exemption market participant."

(4) The hedge exemption market participant must provide all information required on Exchange-approved forms and must keep such information current.

(5) The hedge exemption applies to positions in Interest Rate options to the extent the underlying value thereof does not exceed the unhedged value of the qualified portfolio. The unhedged value is determined as follows: (i) the values of the net cash position for each of the securities in the qualified portfolio are totaled; and (ii) the value of (a) any opposite side of the market calls and puts in the given Interest Rate option, (b) any opposite side of the market positions in corresponding Treasury futures, and (c) any economically equivalent opposite side of the market positions in other Interest Rate options and Treasury futures is subtracted from the total. In no event may exempted positions hereunder exceed 75,000 same-side of the market option contracts except as provided in the provisions of subparagraphs (b)(3)(A) and (B).

(6) The hedge exemption market participant shall agree promptly to provide the Exchange with any information requested concerning the dollar value and composition of the market participant's portfolio, the current hedged and aggregate options positions, and any Treasury futures positions.

(7) The hedge exemption market participant shall agree to, and any Trading Permit Holder carrying an account for the hedge exemption market participant, shall:

> (A) liquidate and establish options and corresponding Treasury positions in an orderly fashion; not initiate or liquidate positions in a manner calculated to cause unreasonable price fluctuations or unwarranted price changes; and not initiate or liquidate a securities position or its equivalent option position with a view toward taking advantage of any differential in price between a Treasury security or group of Treasury securities and an overlying option;

(B) liquidate any options prior to or contemporaneously with a decrease in the hedged value of the qualified portfolio where the failure to liquidate the options would cause the underlying value of the options to exceed the value of the hedged securities; and

(C) promptly notify the Exchange of any material change in the value of the qualified portfolio or the options or futures positions that materially affects the unhedged value of the portfolio.

(8) If any Trading Permit Holder or TPH organization carrying an account for a hedge exemption market participant that includes Interest Rate option positions established on the Exchange has reason to believe that the hedge exemption market participant, acting alone or in concert with others, is violating this exemption, then the Trading Permit Holder or TPH organization is deemed to have violated Rule 8.42(f).

(9) Violation of any of these positions, absent reasonable justification or excuse, shall result in withdrawal of approval of the hedge exemption and may form the basis for denial of a subsequent application for a hedge exemption hereunder.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.42. Exercise Limits

(a) *General*. Except with the prior permission of the President or his designee, to be confirmed in writing, no Trading Permit Holder shall exercise, for any account in which it has an interest or for the account of any customer, a long position in any option contract where such Trading Permit Holder or customer, acting alone or in concert with others, directly or indirectly:

(1) has or will have exercised within any five consecutive business days aggregate long positions in any class of options dealt in on the Exchange in excess of 25,000 or 50,000 or 75,000 or 200,000, or 250,000 option contracts or such other number of options contracts as may be fixed from time to time by the Exchange as the exercise limit for that class of options; or

(2) has or will have exceeded the applicable exercise limit fixed from time to time by another exchange for an option class not dealt in on the Exchange, when the Trading Permit Holder is not a member of the other exchange which lists the option class.

Reasonable notice shall be given of each new exercise limit fixed by the Exchange by publicly posting notice thereof. Limits shall be determined in the manner described in Interpretation and Policy .02 or in the case of a hedged position under Rule 8.30.04 or in the case of facilitation exempted position in accordance with Rule 8.30.06. Whether option positions should be aggregated under this rule shall be determined in the manner described in Rule 8.30.03.

(b) *Index Options*. In determining compliance with this Rule 8.42, exercise limits for index option contracts shall be equivalent to the position limits prescribed for option contracts with the nearest expiration date in Rule 8.31, 8.32, or 8.34. There shall be no exercise limits for broad-based index options (including reduced-value option contracts) on Cboe S&P 500 AM/PM Basis, Cboe S&P

500 Three-Month Realized Variance, Cboe S&P 500 Three-Month Realized Volatility and on the BXM (1/10th value), DJX, OEX, XEO, NDX, RUT, VIX, VXN, VXD, VXST, S&P 500 Dividend Index, or SPX.

(1) For a Market-Maker granted an exemption to position limits pursuant to Rule 8.30.05 the number of contracts which can be exercised over a five business day period shall equal the Market-Maker's exempted position.

(2) CAPS and Q-CAPS will not be included when calculating exercise limits for index option contracts.

(3) With respect to index options contracts for which an exemption has been granted in accordance with the provisions of Rule 8.31, the exercise limit shall be equal to the amount of the exemption.

(4) With respect to Individual Stock or ETF Based Volatility Index options contracts for which an exemption has been granted in accordance with the provisions of Rule 8.34.01, the exercise limit shall be equal to the amount of the exemption.

(c) *Range Options*. Exercise limits for Range Options shall be the same as those for options on the same underlying index.

(d) *Corporate Debt Security Options*. Exercise limits for options on a Corporate Debt Security shall be equivalent to the position limits prescribed in Rule 8.38.

(e) *Government Security Options.* Exercise limits for options on a Treasury security shall be equivalent to the position limits prescribed in Rule 8.40.

(f) *Interest Rate options*. Exercise limits for interest rate options shall be equivalent to the position limits prescribed in Rule 8.41.

(g) *FLEX Options*. Exercise limits for FLEX Index and FLEX Individual Stock or ETF Based Volatility Index Options shall be equivalent to the FLEX position limits prescribed in Rule 8.35. There shall be no exercise limits for broad-based FLEX Index Options (including reduced-value option contracts) on BXM (1/10th value), DJX, NDX, OEX, RUT, S&P 500 Dividend Index, SPX, VIX, VXN, VXD, Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance, Cboe S&P 500 Three-Month Realized Volatility and XEO.

(1) The minimum value size for FLEX Equity Option exercises shall be 25 contracts or the remaining size of the position, whichever is less.

(2) The minimum value size for FLEX Index Option exercises shall be $1 million Underlying Equivalent Value or the remaining Underlying Equivalent Value of the position, whichever is less.

(3) Except as provided in Rule 8.43(d)(3), FLEX Options shall not be taken into account when calculating exercise limits for Non-FLEX Option contracts.

(h) *Options Not Subject to Exercise Limits*. Binary options and credit options are not subject to exercise limits.

Interpretations and Policies

.01 For a Market-Maker granted an exemption to position limits pursuant to Rule 8.30.05, the number of contracts which can be exercised over a five business day period shall equal the Market-Maker's exempted position.

.02 The exercise limits established under paragraph (a) above in respect of options on shares or other securities that represent interests in registered investment companies (or series thereof) organized as open-end management investment companies, unit investment trusts or similar entities that satisfy the criteria set forth in Rule 4.3.06 shall be equivalent to the position limits prescribed for such options in Rule 8.30.07, subject to any exemptions granted in respect of such position limits.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.43. Reports Related to Position Limits

(a) *Reporting*. In a manner and form prescribed by the Exchange, each Trading Permit Holder shall report to the Exchange, the name, address, and social security or tax identification number of any customer who, acting alone, or in concert with others, on the previous business day maintained aggregate long or short positions on the same side of the market of 200 or more contracts of any single class of option contracts dealt in on the Exchange. The report shall indicate for each such class of options, the number of option contracts comprising each such position and, in the case of short positions, whether covered or uncovered.

(b) *Hedged Position Report*. In addition to the reporting requirement described in paragraph (a) above, each Trading Permit Holder (other than an Exchange market-maker or DPM) that maintains a position in excess of 10,000 non-FLEX equity option contracts on the same side of the market on behalf of its own account or for the account of a customer, shall report information as to whether such positions are hedged, and provide documentation to as to how such contracts are hedged, in a manner and form prescribed by the Exchange. In addition, whenever the Exchange determines based on a report to the Department of Market Regulation or otherwise, that a higher margin requirement is necessary in light of the risks associated with an under- hedged Non-FLEX equity option position in excess of 10,000 contracts on the same side of the market, the Exchange may consider imposing additional margin upon the account maintaining such under-hedged position, pursuant to its authority under Rule 10.10. Additionally, it should be noted that the clearing firm carrying the account will be subject to capital charges under SEC Rule 15c3-1 to the extent of any margin deficiency resulting from the higher margin requirements.

(c) *Customer Exceeding Position Limit*. In addition to the reports required by paragraph (a) above, each Trading Permit Holder shall report promptly to the Department of Market Regulation any instance in which the Trading Permit Holder has reason to believe that a customer, acting alone or in concert with others, has exceeded or is attempting to exceed the position limits established pursuant to the applicable position limit Rule.

(d) *Customer Definition*. For purposes of this Rule, the term "customer" in respect of any Trading Permit Holder shall include the Trading Permit Holder, any general or special partner of the Trading Permit Holder, any officer or director of the Trading Permit Holder, or any participant, as such, in any joint, group or syndicate account with the Trading Permit Holder or with any partner, officer or director thereof.

(e) *Range Options*. Range Options shall be subject to the same reporting and other requirements triggered for options on the same underlying index. In computing reportable Range Options, Range Options shall be aggregated with option contracts on the same underlying index, including other classes of Range Options overlying the same index.

(f) *Binary Options*. In computing reportable binary options under this Rule 8.43: (1) positions in binary options on the same broad-based index that have different exercise settlement amounts shall be aggregated, (2) positions in binary options shall not be aggregated with non-binary option contracts on the same or similar underlying security or broad-based index, (3) positions in binary options on broad-based indexes shall not be aggregated with non-binary option contracts on an underlying stock or stocks included within such broad-based index, and (4) positions in binary options on one broad-based index shall not be aggregated with binary options on any other broad-based index.

(g) *Corporate Debt Security Options*. The reference in paragraph (a) above to reports required of positions of 200 or more option contracts shall, in the case of Corporate Debt Security options, be revised to positions of 20 option contracts.

(h) *Credit Options*. In computing reportable Credit Options under this Rule 8.43, Credit Options shall not be aggregated with non-Credit Options contracts. In addition, Credit Options of a given class shall not be aggregated with any other class of Credit Options. The applicable hedge reporting requirement described in paragraph (b) above shall apply to a position in excess of 1,000 Credit Option contracts on the same side of the market. In calculating the applicable position for Credit Default Option contracts, reduced-value contracts (i.e., Credit Default Options with a cash settlement value of less than $100,000 per contract) will be aggregated with full-value contracts and counted by the amount by which they equal a full-value contract (e.g., 10 Credit Default Option contract with a cash settlement value of $10,000 per contract (equal to an exercise settlement value of $100 multiplied by a contract multiplier of 100) equal one full-value contract).

(i) *Government Securities Options*. The reference in paragraph (a) above to reports required of positions of 200 or more options shall, in the case of Treasury security options, be revised to positions of options covering $20 million or more principal amount of underlying Treasury securities, for example, the 14% bonds due in the year 2019.

(j) *Aggregation of FLEX Positions*. For purposes of the position limits and reporting requirements set forth in Rule 8.35 and this Rule, FLEX Option positions shall not be aggregated with positions in Non-FLEX Options other than as provided below, and positions in FLEX Index Options on a given index shall not be aggregated with options on any stocks included in the index or with FLEX Index Option positions on another index.

(1) Commencing at the close of trading two business days prior to the last trading day of the calendar quarter, positions in P.M. Settled FLEX Index Options (i.e., FLEX Index Options having an exercise settlement value determined by the level of the index at the close of trading on the last trading day before expiration) shall be aggregated with positions in Quarterly Index Options on the same index with the same expiration ("comparable QIX options") and shall be subject to the position limits set forth in Rule 8.31, 8.32 or 8.33, as applicable.

(2) Commencing at the close of trading two business days prior to the last trading day of the week, positions in FLEX Options that are cash settled (i.e., FLEX Index Options or Credit Default Options) shall be aggregated with positions in Short Term Option Series on the same underlying (e.g., same underlying index as a FLEX Index Option) with the same means for determining exercise settlement value (e.g., opening or closing prices of the underlying index) and same expiration ("comparable Weekly options") and shall be subject to the position limits set forth in Rule 8.31, 8.32, 8.33 or 8.39, as applicable.

(3) As long as the options positions remain open, positions in FLEX Options that expire on a third Friday-of-the-month expiration day shall be aggregated with positions in Non-FLEX Options on the same underlying ("comparable Non-FLEX Options") and shall be subject to the position limits set forth in Rule 8.30, 8.31, 8.32, 8.33 or 8.39, as applicable, and the exercise limits set forth in Rule 8.42, paragraph (b) or (h) above, as applicable.

(4) As long as the options positions remain open, positions in FLEX Individual Stock or ETF Based Volatility Index Options that expire on the same day as Non-FLEX Individual Stock or ETF Based Volatility Index Options, as determined pursuant to Rule 4.13(a)(5), shall be aggregated with positions in Non-FLEX Options on the same Individual Stock or ETF Based Volatility Index and shall be subject to the position limits set forth in Rules 8.30, 8.31, 8.32, 8.33, and 8.34 and the exercise limits set forth in Rules 8.42 and paragraph (b) above.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.44. Liquidation of Positions

Whenever the President or his designee shall find, on the basis of a report of the Department of Market Regulation or otherwise, that a person or group of persons acting in concert holds or controls, or is obligated in respect of, an aggregate position (whether long or short) in all option contracts of one or more classes or series dealt in on the Exchange in excess of the applicable position limit established pursuant to the applicable position limit Rule, he or his designee may order all Trading Permit Holders carrying a position in option contracts of such classes or series for such person or persons to liquidate such position as expeditiously as possible consistent with the maintenance of an orderly market. Whenever such an order is given by the President or his designee, no Trading Permit Holder shall accept any order to purchase, sell or exercise any option contract for the account of the person or persons named in the order, unless and until the President or his designee expressly approves such person or persons for options transactions.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.45. Limit on Outstanding Uncovered Short Positions

Whenever it is determined from the reports of uncovered short positions submitted pursuant to Rule 7.2, viewed in light of current market conditions in options and in underlying securities, that there are outstanding an excessive number of uncovered short positions in option contracts of a given class dealt in on the Exchange or that an excessively high percentage of outstanding short positions in option contracts of a given class dealt in on the Exchange are uncovered, the Board may prohibit any further opening writing transactions on any exchange in option contracts of that class unless the resulting short position will be covered, and it may prohibit the uncovering of any existing covered short positions in one or more series of options of that class, as it deems appropriate in the interest of maintaining a fair and orderly market in option contracts or in underlying securities. The Board may exempt transactions of Market-Makers from restrictions imposed under this rule and it shall rescind such restrictions upon its determination that they are no longer appropriate.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

Rule 8.46. Other Restrictions on Options Transactions and Exercises

(a) The Board shall be empowered to impose such restrictions on transactions or exercises in one or more series of options of any class dealt in on the Exchange as the Board in its judgment deems advisable in the interests of maintaining a fair and orderly market in option contracts or in underlying securities, or otherwise deems advisable in the public interest or for the protection of investors. During the effectiveness of any such restriction, no Trading Permit Holder shall, for any account in which it has an interest or for the account of any customer, engage in any transaction or exercise in contravention of such restriction. Notwithstanding the foregoing, during the 10 business days prior to the expiration date of a given series of options, other than index options, no restriction on exercise may be in effect with respect to that series of options. With respect to index options, restrictions on exercise may be in effect until the opening of business on the last business day before the expiration date.

(b) Exercises of American-style, cash-settled index options shall be prohibited during any time when trading in such options is delayed, halted, or suspended, subject to the following exceptions:

> (1) The exercise of an American-style, cash-settled index option may be processed and given effect in accordance with and subject to the rules of the Clearing Corporation while trading in the option is delayed, halted, or suspended if it can be documented, in a form prescribed by the Exchange, that the decision to exercise the option was made during allowable time frames prior to the delay, halt, or suspension.
>
> (2) Exercises of expiring American-style, cash-settled index options shall not be prohibited on the last business day prior to their expiration.
>
> (3) Exercises of American-style, cash-settled index options shall not be prohibited during a trading halt that occurs at or after 4:00 p.m. In the event of such a trading halt, exercises may occur through 4:20 p.m. In addition, if trading resumes following such a trading halt (such as by closing rotation), exercises may occur during the resumption of trading and for five minutes after the close of the resumption of trading. The provisions of this

subparagraph (b)(3) are subject to the authority of the Board to impose restrictions on transactions and exercises pursuant to paragraph (a) of this Rule.

(4) The President or his designee may determine to permit the exercise of American-style, cash-settled index options while trading in such options is delayed, halted, or suspended.

In the case of an American-style, cash-settled FLEX Index Option, the references in this paragraph (b) to a trading delay, halt, suspension, resumption, or closing rotation shall mean the occurrence of the applicable condition in the standardized option on the index underlying the FLEX Index Option (rather than the occurrence of the applicable condition in the FLEX Index Option itself).

(c) Binary options and index options are not subject to paragraph (b) above and Interpretation and Policy .01.

Interpretations and Policies

.01 Whenever the issuer of a security underlying a call option traded on the Exchange is engaged or proposes to engage in a public underwritten distribution ("public distribution") of such underlying security or securities exchangeable for or convertible into such underlying security, the underwriters may request that the Exchange impose restrictions upon all opening writing transactions in such options at a "discount" (as defined below in Interpretation and Policy .02) where the resulting short position will be uncovered ("uncovered opening writing transactions"). Upon receipt of such a request, the Exchange shall impose the requested restrictions as promptly as possible but no earlier than 15 minutes after it has been announced on the floor of the Exchange and shall terminate such restrictions upon request of the underwriters or when the Exchange otherwise discovers that the stabilizing transaction by the underwriters has been terminated. In addition to a request, the following conditions are necessary for the imposition of restrictions:

(a) less than a majority of the securities to be publicly distributed in such distribution are being sold by existing security holders;

(b) the underwriters agree to notify the Exchange upon the termination of their stabilization activities and

(c) the underwriters initiate stabilization activities in such underlying security on a national securities exchange when the price of such security is either at a "minus" or "zero minus" tick.

.02 For purposes of Interpretation and Policy .01 above, an uncovered opening writing transaction in a call option will be deemed to be effected at a "discount" when the premium in such transaction is either:

(a) in the case of a distribution of the underlying security not involving the issuance of rights and in the case of a distribution of securities exchangeable for or convertible into the underlying security, less than the amount by which the underwriters' stabilization bid for the underlying security exceeds the exercise price of such option; or

(b) in the case of a distribution being offered pursuant to rights, less than the amount by which the underwriters' stabilization bid in the underlying security at the Subscription Price exceeds the exercise price of such option.

[Effective October 7, 2019 (SR-CBOE-2019-096)]

CHAPTER 9. DOING BUSINESS WITH THE PUBLIC

Rule 9.1. Opening of Accounts

(a) *Approval Required*. No TPH organization shall accept an order from a customer to purchase or write an option contract unless the customer's account has been approved for options transactions in accordance with the provisions of this rule.

(b) *Diligence in Opening Account*. In approving a customer's account for options transactions, a TPH organization shall exercise due diligence to learn the essential facts as to the customer and his investment objectives and financial situation, and shall make a record of such information which shall be retained in accordance with Rule 9.2. Based upon such information, the branch office manager or other Registered Options Principal shall approve in writing the customer's account for options transactions; provided, that if the branch office manager is not a Registered Options Principal, his approval shall within a reasonable time be confirmed by a Registered Options Principal.

(1) In fulfilling its obligations pursuant to this paragraph (b) with respect to options customers that are natural persons, a TPH organization shall seek to obtain the following information at a minimum (information shall be obtained for all participants in a joint account):

(A) Investment objectives (e.g., safety of principal, income, growth, trading profits, speculation)

(B) Employment status (name of employer, self-employed or retired)

(C) Estimated annual income from all sources

(D) Estimated net worth (exclusive of family residence)

(E) Estimated liquid net worth (cash, securities, other)

(F) Marital status; number of dependents

(G) Age

(H) Investment experience and knowledge (e.g., number of years, size, frequency and type of transactions for options, stocks and bonds, commodities, other).

In addition, the customer's account records shall contain the following information, if applicable:

(I) Source or sources of background and financial information (including estimates) concerning the customer

(J) Discretionary trading authorization: agreement on file, name, relationship to customer and experience of person holding trading authority

(K) Date(s) options disclosure document(s) furnished to customer

(L) Nature and types of transactions for which account is approved (e.g., buying, covered writing, uncovered writing, spreading, discretionary transactions)

(M) Name of registered representative

(N) Name of ROP approving account; date of approval

(O) Dates of verification of currency of account information.

The TPH organization should consider utilizing a standard account approval form so as to ensure the receipt of all the required information.

(2) Refusal of a customer to provide any of the information called for in subparagraph (b)(1) shall be so noted on the customer's records at the time the account is opened. Information provided shall be considered together with other information available in determining whether and to what extent to approve the account for options transactions.

(c) *Verification of Customer Background and Financial Information*. The background and financial information upon which the account of every new customer that is a natural person has been approved for options trading, unless the information is included in the customer's account agreement, shall be sent to the customer for verification within 15 days after the customer's account has been approved for options transactions. A copy of the background and financial information on file with the TPH organization shall also be sent to the customer for verification within 15 days after the TPH organization becomes aware of any material change in the customer's financial situation. The requirement in this paragraph (c) is to be satisfied by sending to the customer the information required in subparagraphs (b)(1)(A) through (F) above as contained in the Trading Permit Holder's records and providing the customer with an opportunity to correct or complete the information. In all cases, absent advice from the customer to the contrary, the information will be deemed to be verified.

(d) *Agreements to Be Obtained*. Within 15 days after a customer's account has been approved for options transactions, a TPH organization shall obtain from the customer a written agreement that the account shall be handled in accordance with the Rules of the Exchange and the Rules of the Clearing Corporation and that such customer, acting alone or in concert with others, will not violate the position or exercise limits set forth in Rules 8.30 and 8.42.

(e) *Options Disclosure Documents to Be Furnished*. At or prior to the time a customer's account is approved for options transactions, a TPH organization shall furnish the customer with one or more current options disclosure documents in accordance with the requirements of Rule 9.9.

(f) *Written Procedures for TPH Business in Uncovered Options Contracts*. Every TPH organization transacting business with the public in uncovered option contracts shall develop, implement and maintain specific written procedures governing the conduct of such business which shall include, at least, the following:

(1) Specific criteria and standards to be used in evaluating the suitability of a customer for uncovered short option transactions;

(2) Specific procedures for approval of accounts engaged in writing uncovered short option contracts, including written approval of such accounts by a Registered Options Principal;

(3) Designation of a specific Registered Options Principal qualified individual(s) as the person(s) responsible for approving accounts which do not meet the specific criteria and standards for writing uncovered short option transactions and for maintaining written records of the reasons for every account so approved;

(4) Establishment of specific minimum net equity requirements for initial approval and maintenance of customer uncovered option accounts; and

(5) Requirements that customers approved for writing uncovered short options transactions be provided with a special written description of the risks inherent in writing uncovered short option transactions, at or prior to the initial uncovered short option transaction pursuant to Rule 9.9(b).

(g) *Writing Uncovered Short Option Positions*. For purposes of this Rule, Rule 9.2 and Rule 9.9, the term writing uncovered short option positions shall include combinations and any transactions which involve naked writing.

(h) *Public Business in Government Securities Options*. This Rule requires that an account must be specifically approved in writing for transactions in Government securities options by a Debt Registered Options Principal. Approval of the accounts of customers shall be conducted in accordance with this Rule and, in the case of institutional options customers (i.e., customers that are not natural persons), a TPH organization shall seek to obtain the following information:

(1) evidence of authority for the institution to engage in Government securities options transactions (corporate resolutions, trust documents, etc.);

(2) written designation of individuals within the institution authorized to act for it in connection with Government securities options transactions; and

(3) basic financial information concerning the institution.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 9.2. Supervision of Accounts

The deadline to submit the annual supervision-related reports pursuant to Rule 9.2(g) and (h) will be extended from April 1, 2020 to July 31, 2020.

(a) *Duty to Supervise*. The general partners or directors of each TPH organization that conducts a non-Trading Permit Holder customer business shall provide for appropriate supervisory control and shall designate a general partner or executive officer, who shall be identified to the Exchange, to assume overall authority and responsibility for internal supervision and control of the organization and

compliance with securities laws and regulations. This person, who may be the same individual designated pursuant to substantially similar New York Stock Exchange or National Association of Securities Dealers rules, shall:

(1) Delegate to qualified employees responsibilities and authority for supervision and control of each office, department or business activity, and shall provide for appropriate written procedures of supervision and control.

(2) Establish a separate system of follow-up and review to determine that the delegated authority and responsibility is being properly exercised.

(3) Develop and implement written policies and procedures reasonably designed to independently supervise the activities of accounts serviced by branch office managers, sales managers, regional/district sales managers or any person performing a similar supervisory function. Such supervisory reviews must be performed by a qualified Registered Options Principal who:

(A) Is either senior to, or otherwise independent of, the producing manager under review. For purposes of this Rule, an "otherwise independent" person: may not report either directly or indirectly to the producing manager under review; must be situated in an office other than the office of the producing manager; must not otherwise have supervisory responsibility over the activity being reviewed; and must alternate such review responsibility with another qualified person every two years or less. Further, if a person designated to review a producing manager receives an override or other income derived from that producing manager's customer activity that represents more than 10% of the designated person's gross income derived from the TPH organization over the course of a rolling 12-month period, the TPH organization must establish alternative senior or otherwise independent supervision of that producing manager to be conducted by a qualified Registered Options Principal other than the designated person receiving the income.

(B) If a TPH organization is so limited in size and resources that there is no qualified Registered Options Principal senior to, or otherwise independent of, the producing manager to conduct the reviews pursuant to subparagraph (a)(3)(A) (for instance, the TPH organization has only one office, or an insufficient number of qualified personnel who can conduct reviews on a two-year rotation), the reviews may be conducted by a Registered Options Principal in compliance with subparagraph (a)(3)(A) to the extent practicable.

(C) A TPH organization relying on subparagraph (a)(3)(B) must document the factors used to determine that complete compliance with all of the provisions of subparagraph (a)(3)(A) is not possible, and that the required supervisory systems and procedures in place with respect to any producing manager comply with the provisions of subparagraph (a)(3)(A) of this Rule to the extent practicable.

(D) A TPH organization that complies with requirements of the New York Stock Exchange or the National Association of Securities Dealers that are substantially

similar to the requirements in subparagraphs (a)(3)(A) through (C) will be deemed to have met such requirements.

(b) *Maintenance of Customer Records*.

(1) Background and financial information of customers who have been approved for options transactions shall be maintained at both the branch office servicing the customer's account and the principal supervisory office having jurisdiction over that branch office. Copies of account statements of options customers shall be maintained at both the branch office supervising the accounts and the principal supervisory office having jurisdiction over that branch for the most recent six-month period. With respect to the record retention responsibility of principal supervisory offices, customer information and account statements may be maintained at a location off premises so long as the records are readily accessible and promptly retrievable. Other records necessary to the proper supervision of accounts shall be maintained at a place easily accessible both to the branch office servicing the customer's account and to the principal supervisory office having jurisdiction over that branch office.

(2) Upon the written instructions of a customer, a Trading Permit Holder may hold mail for a customer who will not be at his or her usual address for the period of his or her absence, but (A) not to exceed two months if the Trading Permit Holder is advised that such customer will be on vacation or traveling or (B) not to exceed three months if the customer is going abroad.

(3) Before any customer order is executed, there must be placed upon the memorandum for each transaction, the name or designation of the account (or accounts) for which such order is to be executed. No change in such account name(s) (including related accounts) or designation(s) (including error accounts) shall be made unless the change has been authorized by a Trading Permit Holder or a person(s) designated by the designated general partner or executive officer (pursuant to this Rule). Such person must, prior to giving his or her approval of the account designation change, be personally informed of the essential facts relative thereto and indicate his or her approval of such change in writing on the order or other similar record of the Trading Permit Holder. The essential facts relied upon by the person approving the change must be documented in writing and preserved for a period of not less than three years, the first two years in an easily accessible place, as the term "easily accessible place" is used in SEC Rule 17a-4.

For purposes of this subparagraph (b)(3), a person(s) designated by the designated general partner or executive officer (pursuant to this Rule) must be a Registered Options Principal.

(c) *Internal Controls*.

(1) TPH organizations must develop and maintain adequate controls over each of its business activities. Such controls must provide for the establishment of procedures for verification and testing of those business activities. An ongoing analysis, based upon appropriate criteria, may be employed to assess and prioritize those business activities requiring independent verification and testing. A review of each TPH organization's efforts with respect to internal controls, including a summary of tests conducted and significant exceptions identified, must be included in the annual report required by paragraph (g) of this Rule.

(2) A TPH organization that complies with requirements of the New York Stock Exchange or the National Association of Securities Dealers that are substantially similar to the requirements in subparagraph (c)(1) of this Rule will be deemed to have met such requirements.

(d) *Annual Branch Office Inspections*.

(1) Each branch office that supervises one or more non-branch locations must be inspected no less often than once each calendar year unless:

(A) it has been demonstrated to the satisfaction of the Exchange that because of proximity, special reporting or supervisory practice, other arrangements may satisfy this Rule's requirements for a particular branch office; or

(B) based upon the written policies and procedures of such TPH organization providing for a systematic risk-based surveillance system, the TPH organization submits a proposal to the Exchange and receives, in writing, an exemption from this requirement pursuant to paragraph (e) of this Rule.

(2) Every branch office, without exception, must be inspected at least once every three calendar-years. All required inspections must be conducted by a person who is independent of the direct supervision and control of the branch office in question (i.e., not the branch office manager, or any person who directly or indirectly reports to such manager, or any person to whom such manager directly reports). Written reports reflecting the results of such inspections are to be maintained at the TPH organization for the longer of three years or until the next branch office inspection.

(3) A TPH organization that complies with requirements of the New York Stock Exchange or the National Association of Securities Dealers that are substantially similar to the requirements in subparagraph (d)(1) and (d)(2) above as well as to related requirements in paragraphs (e) and (f) below will be deemed to have met such requirements.

(e) *Risk -Based Surveillance and Branch Office Identification*.

(1) Any TPH organization seeking an exemption, pursuant to subparagraph (d)(1)(B) above, from the annual branch office inspection requirement must submit to the Exchange written policies and procedures for systematic risk-based surveillance of its branch offices. Such policies and procedures should reflect, among other factors, the TPH organization's business model and product mix. Such policies and procedures must also, at a minimum, provide for:

(A) The inspection of branches where developments during the year require a reconsideration of such branch's exemption;

(B) A requirement that no less than half of the branch offices inspected each year on a cycle basis be done on an unannounced basis; and

(C) A system to enable employees to report compliance issues on a confidential basis outside of the branch office chain of command.

(2) For purposes of subparagraph (e)(1) above, the risk-based factors to be considered should include, but not necessarily be limited to, the following:

(A) Number of Registered Representatives;

(B) A significant increase in the number of Registered Representatives;

(C) Number of customers and volume of transactions;

(D) A significant increase in branch office revenues;

(E) Incidence of concentrated securities positions in customer's accounts;

(F) Aggregate customer assets held;

(G) Nature of the business conducted and the sales practice risk to investors associated with the products sold, and product mix (e.g. options, equities, mutual funds, annuities, etc.);

(H) Numbers of accounts serviced on a discretionary basis;

(I) Compliance and regulatory history of the branch, including:

(i) Registered Representatives subject to special supervision by the TPH organization, self-regulatory authorities, state regulatory authorities or the Securities and Exchange Commission in years other than the previous or current year;

(ii) Complaints, arbitrations, internal discipline, or prior inspection findings; and

(iii) Persons subject to recent disciplinary actions by self-regulatory authorities, state regulatory authorities or the Securities and Exchange Commission.

(J) Operational factors, such as the number of errors and account designation changes per Registered Representative;

(K) Incidence of accommodation mailing addresses (e.g., post office boxes and "care of" accounts);

(L) Whether the branch office permits checks to be picked up by customers or hand delivery of checks to customers;

(M) Experience, function (producing or non-producing) and compensation structure of branch office manager;

(N) Branch offices recently opened or acquired; and

(O) Changes in branch location, status or management personnel.

(3) Notwithstanding any policies or procedures implemented pursuant to this Rule, branch offices that meet any of the following criteria must be inspected no less often than once each calendar year:

(A) Offices with one or more Registered Representatives subject to special supervision as required by a self-regulatory authority or state regulatory authority during the current or immediately preceding year.

(B) Offices with 25 or more registered individuals;

(C) Offices in the top 20% of production or customer assets for the TPH organization;

(D) Any branch office not inspected within the previous two calendar years; and

(E) Any branch office designated as exercising supervision over another branch office.

(f) *Criteria for Inspection Programs*. An annual branch office inspection program must include, but is not limited to, testing and independent verification of internal controls related to the following areas:

(1) Safeguarding of customer funds and securities:

(2) Maintaining books and records;

(3) Supervision of customer accounts serviced by branch office managers;

(4) Transmittal of funds between customers and Registered Representatives and between customers and third parties;

(5) Validation of customer address changes; and

(6) Validation of changes in customer account information.

(g) *Written Report*. By April 1 of each year, each TPH organization that conducts a non-Trading Permit Holder customer business shall submit to the Exchange a written report on the TPH organization's supervision and compliance effort during the preceding year and on the adequacy of the TPH organization's ongoing compliance processes and procedures. Each TPH organization that conducts a public customer options business shall also specifically include its options compliance program in the report. The report shall include, but not be limited to, the following:

(1) A tabulation of customer complaints (including arbitrations and civil actions) and internal investigations.

(2) Identification and analysis of significant compliance problems, plans for future systems or procedures to prevent and detect violations and problems, and an assessment of the proceeding year's efforts of this nature.

(3) Discussion of the preceding year's compliance efforts, new procedures, educational programs, etc. in each of the following areas: (A) antifraud and trading practices; (B) investment banking activities; (C) sales practices; (D) books and records; (E) finance and operations; (F) supervision; (G) internal controls, and (H) anti-money laundering. If any of these areas do not apply to the TPH organization, the report shall so state.

(4) For each TPH organization, the designation of a general partner or principal executive officer as Chief Compliance Officer (which designation shall be updated on Schedule A of Form BD).

(5) A certification signed by the TPH organization's Chief Executive Officer (or equivalent), that:

(A) The TPH organization has in place processes to:

(i) establish and maintain policies and procedures reasonably designed to achieve compliance with applicable Exchange Rules and federal securities laws and regulations,

(ii) modify such policies and procedures as business, regulatory and legislative changes and events dictate, and

(iii) test the effectiveness of such policies and procedures on a periodic basis, the timing and extent of which is reasonably designed to ensure continuing compliance with Exchange Rules and federal securities laws and regulations.

(B) In TPH organizations, the Chief Executive Officer (or equivalent officer) conducted one or more meetings with the organization's Chief Compliance Officer during the preceding 12 months, and that they discussed and reviewed the matters described in this certification, including the organization's prior compliance efforts, and identified and addressed significant compliance problems and plans for emerging business areas.

(C) In TPH organizations, the processes described in subparagraph (g)(5)(A) above, are evidenced in a report reviewed by the Chief Executive Officer (or equivalent officer), Chief Compliance Officer and such other officers as the organization may deem necessary to make this certification, and submitted to the organization's board of directors and audit committee (if such committee exists) on or before April 1st of each year.

(D) TPH organizations, the Chief Executive Officer (or equivalent officer) has consulted with the Chief Compliance Officer and other officers referenced in paragraph (g)(5)(C) above and such other employees, outside consultants, lawyers and accountants, to the extent they deem appropriate, in order to attest to the statements made in this certification.

A TPH organization that specifically includes its options compliance program in a report that complies with substantially similar requirements of the New York Stock Exchange or the National

Association of Securities Dealers will be deemed to have met the requirements of this paragraph (g) and paragraph (h) below. Documentation evidencing the annual written report required by this paragraph (g), must be maintained in a place that is easily accessible and shall be provided to the Exchange upon request.

(h) *Reports to Control Persons*. By April 1 of each year, each TPH organization shall submit a copy of the report that paragraph (g) above requires the TPH organization to prepare to its one or more control persons or, if the TPH organization has no control person, to the audit committee of its board of directors or its equivalent committee or group. In the case of a control person that is an organization (a "controlling organization"), the TPH organization shall submit the report to the general counsel of the controlling organization and to the audit committee of the controlling organization's board of directors or its equivalent committee or group. For the purpose of this paragraph, "control person" means a person who controls the TPH organization.

(i) *Non-Trading Permit Holder Customer Business*. Each TPH organization that conducts a non-Trading Permit Holder customer business shall establish, maintain, and enforce written procedures which detail the specific methods used to supervise all non-Trading Permit Holder customer accounts, and all orders in such accounts.

(1) Such written procedures shall specifically identify the titles and positions of individuals who have been delegated authority and responsibility for an identified segment of the TPH organization's business, including option compliance functions.

(2) The procedures shall also include the registration status and location of all such supervisory and compliance personnel.

(3) Each TPH organization shall also develop and implement specific written procedures concerning the manner of supervision of customer accounts maintaining uncovered short option positions, and specifically providing for frequent supervisory review of such accounts.

(j) *Review of Customer Options Account*s. Each TPH organization shall maintain at the principal supervisory office having jurisdiction over the office servicing the customer's account, or shall have readily accessible and promptly retrievable, information to permit review of each customer's options account on a timely basis to determine (1) the compatibility of options transactions with investment objectives and with the types of transactions for which the account was approved; (2) the size and frequency of options transactions; (3) commission activity in the account; (4) profit or loss in the account; (5) undue concentration in any options class or classes and (6) compliance with the provisions of Regulation T of the Federal Reserve Board.

(k) *Firms Conducting Business in Government Securities Options.* A TPH organization conducting public business in Government securities options must designate and specifically identify to the Exchange a Senior Debt Registered Options Principal and a Compliance Debt Registered Options Principal.

(1) Supervisory qualifications of a Senior Debt Registered Options Principal may be demonstrated only by successful completion of a ROP examination and an examination prescribed by the Exchange for the purpose of demonstrating an adequate knowledge of Government securities options and the underlying Government securities. In exceptional

circumstances, however, the President of the Exchange or his designee may, upon written request by a TPH organization, accept as a demonstration of equivalent knowledge other evidence of a Senior Debt Registered Options Principal's supervisory qualifications. Advanced age, physical infirmity or experience in fields ancillary to the investment banking or securities business will not individually of themselves constitute sufficient grounds to excuse a Senior Debt Registered Options Principal from the general requirement that supervisory qualifications be shown by successful completion of an appropriate examination.

(2) The conduct of Government securities option business at a branch office of a TPH organization may be supervised by any Debt Registered Options Principal of the TPH organization.

(3) Any sales personnel of a TPH organization who solicit or accept customer orders with regard to options on Government securities shall be deemed qualified with regard to such options after such person has successfully completed an examination prescribed by the Exchange for the purpose of demonstrating adequate knowledge of Government options and the underlying Government securities.

[Effective October 7, 2019 (SR-CBOE-2019-088); amended March 30, 2020 (SR-CBOE-2020-029); amended June 1, 2020 (SR-CBOE-2020-049); amended July 1, 2020 (SR-CBOE-2020-063)]

Rule 9.3. Suitability of Recommendations

(a) Every Trading Permit Holder, Registered Options Principal or Registered Representative who recommends to a customer the purchase or sale (writing) of any option contract shall have reasonable grounds for believing that the recommendation is not unsuitable for such customer on the basis of the information furnished by such customer after reasonable inquiry as to his investment objectives, financial situation and needs, and any other information known by such Trading Permit Holder, Registered Options Principal or Registered Representative.

(b) No Trading Permit Holder, Registered Options Principal or Registered Representative shall recommend to a customer an opening transaction in any option contract unless the person making the recommendation has a reasonable basis for believing at the time of making the recommendation that the customer has such knowledge and experience in financial matters that he may reasonably be expected to be capable of evaluating the risks of the recommended transaction, and is financially able to bear the risks of the recommended position in the option contract.

(c) No Trading Permit Holder, Registered Options Principal or Registered Representative shall recommend to a customer an opening transaction in any Delayed Start Option Series unless the customer previously has engaged in an options transaction.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 9.4. Discretionary Accounts

(a) *Authorization and Approval Required*. No TPH organization shall exercise any discretionary power with respect to trading in options contracts in a customer's account unless such customer has

given prior written authorization and the account has been accepted in writing by a Registered Options Principal. Each firm shall designate specific Registered Options Principal qualified individuals pursuant to Rule 9.2 to review discretionary accounts. A Registered Options Principal qualified person specifically delegated such responsibilities under Rule 9.2 (who is an individual other than the Registered Options Principal who accepted the account) shall review the acceptance of each discretionary account to determine that the Registered Options Principal accepting the account had a reasonable basis for believing that the customer was able to understand and bear the risks of the strategies or transactions proposed, and he shall maintain a record of the basis for his determination. Every discretionary order shall be identified as discretionary on the order at the time of entry. Discretionary accounts shall receive frequent appropriate supervisory review by a Registered Options Principal qualified person specifically delegated such responsibilities under Rule 9.2, who is not exercising the discretionary authority.

(b) *Record of Transactions*. A record shall be made of every option transaction for an account in respect to which a TPH organization is vested with any discretionary power, such record to include the name of the customer, the designation, number of contracts and premium of the option contracts, and the date and time when such transaction took place.

(c) *Excessive Transactions Prohibited*. No TPH organization shall effect with or for any customer's account in respect to which such TPH organization is vested with any discretionary power any transactions of purchase or sale of option contracts which are excessive in size or frequency in view of the financial resources and character of such account.

(d) *Discretion as to Price or Time Excepted*. This rule shall not apply to discretion as to the price at which or the time when an order given by a customer for the purchase or sale of a definite number of option contracts in a specified security shall be executed, except that the authority to exercise time and price discretion will be considered to be in effect only until the end of the business day on which the customer granted such discretion, absent a specific, written contrary indication signed and dated by the customer. This limitation shall not apply to time and price discretion exercised in an institutional account, as defined below, pursuant to valid Good-Till-Cancelled instructions issued on a "not held" basis. Any exercise of time and price discretion must be reflected on the order ticket. As used in this paragraph (d) the term "institutional account" shall mean the account of: (1) a bank, savings and loan association, insurance company, or registered investment company; (2) an investment adviser registered either with the Securities and Exchange Commission under Section 203 of the Investment Advisers Act of 1940 or with a state securities commission (or any agency or office performing like functions); or (3) any other entity (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least $50 million.

(e) *Options Programs*. Where the discretionary account utilizes options programs involving the systematic use of one or more options strategies, the customer shall be furnished with a written explanation, meeting the requirements of Rule 9.15, of the nature and risks of such programs.

(f) *Implementation of Procedures*. Any TPH organization that does not utilize computerized surveillance tools for the frequent and appropriate review of discretionary account activity must establish and implement procedures to require Registered Options Principal qualified individuals who have been designated to review discretionary accounts to approve and initial each discretionary order on the day entered.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 9.5. Confirmation to Customers

Every TPH organization shall promptly furnish to each customer a written confirmation of each transaction in option contracts which shall show the underlying security type of option expiration month, exercise price, number of option contracts, premium, commissions, date of transaction and settlement date, and shall indicate whether the transaction is a purchase or sale, whether the transaction was an opening or a closing transaction and whether a principal or agency transaction. The confirmation shall by appropriate symbols distinguish between Exchange transactions and other transactions in option contracts though such confirmation does not need to specify the exchange or exchanges on which such option contracts were executed.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 9.6. Statements of Accounts to Customers

(a) Every TPH organization shall send to its customers statements of account showing security and money positions, entries, interest charges and any special charges that have been assessed against such account during the period covered by the statement; provided, however, that such charges need not be specifically delineated on the statement if they are otherwise accounted for on the statement and have been itemized on transaction confirmations. With respect to options customers having a general (margin) account, such statement shall also provide the mark-to-market price and market value of each option position and other security position in the general (margin) account, the total market value of all positions in the account, the outstanding debit or credit balance in the account, and the general (margin) account equity. The statement shall bear a legend stating that further information with respect to commissions and other charges related to the execution of listed option transactions has been included in confirmations of such transactions previously furnished to the customer, and that such information will be made available to the customer promptly upon request. The statement shall also bear a legend requesting the customer to promptly advise the Trading Permit Holder of any material change in the customer's investment objectives or financial situation. Such statements of account shall be sent at least quarterly to all accounts having a money or a security position during the preceding quarter and at least monthly to all accounts having an entry during the preceding month.

(b) For purposes of the foregoing rule, general (margin) account equity shall be computed by subtracting the total of the "short" security values and any debit balance from the total of the "long" security values and any credit balance.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 9.7. Statements of Financial Condition to Customers

Every TPH organization shall send to each of its customers statements of the TPH organization's financial condition as required by Rule 17a-5 under the Exchange Act.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 9.8. Addressing of Communications to Customers

No TPH organization shall address any communications to a customer in care of any other person unless either (a) the customer, within the preceding 12 months, has instructed the TPH organization in writing to send communications in care of such other persons, or (b) duplicate copies are sent to the customer at some other address designated in writing by him.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 9.9. Delivery of Current Options Disclosure Documents

(a) *Options Disclosure Documents*. Every TPH organization shall deliver a current options disclosure document to each customer, at or prior to the time such customer's account is approved for options transactions. A copy of each amendment to an options disclosure document shall be furnished to each customer who was previously furnished the options disclosure document to which the amendment pertains, not later than the time a confirmation of a transaction in the category of options to which the amendment pertains is delivered to such customer. Where such customer is a broker or dealer, the TPH organization shall take reasonable steps to see to it that such broker or dealer is furnished reasonable quantities of current options disclosure documents, as requested by him in order to enable him to comply with the requirements of this Rule. The Exchange will advise Trading Permit Holders when an options disclosure document is amended. The term "current options disclosure document" means, as to any category of underlying security, the most recent edition of such document that meets the requirements of Rule 9b-1 under the Exchange Act.

(b) *Written Description of Risks*. The written description of risks required by Rule 9.1(f)(5) shall be in a format prescribed by the Exchange or in a format developed by the TPH organization, provided it contains substantially similar information as the prescribed Exchange format and has received prior written approval of the Exchange.

(c) *Sample Risk Description for Use by Firms to Satisfy Requirements of paragraph (b)*.

Special Statement for Uncovered Option Writers

There are special risks associated with uncovered option writing which expose the investor to potentially significant loss. Therefore, this type of strategy may not be suitable for all customers approved for options transactions.

1. The potential loss of uncovered call writing is unlimited. The writer of an uncovered call is in an extremely risky position, and may incur large losses if the value of the underlying instrument increases above the exercise price.

2. As with writing uncovered calls, the risk of writing uncovered put options is substantial. The writer of an uncovered put option bears a risk of loss if the value of the underlying instrument declines below the exercise price. Such loss could be substantial if there is a significant decline in the value of the underlying instrument.

3. Uncovered option writing is thus suitable only for the knowledgeable investor who understands the risks, has the financial capacity and willingness to incur potentially substantial losses, and has

sufficient liquid assets to meet applicable margin requirements. In this regard, if the value of the underlying instrument moves against an uncovered writer's options position, the investor's broker may request significant additional margin payments. If an investor does not make such margin payments, the broker may liquidate stock or options positions in the investor's account, with little or no prior notice in accordance with the investor's margin agreement.

4. For combination writing, where the investor writes both a put and a call on the same underlying instrument, the potential risk is unlimited.

5. If a secondary market in options were to become unavailable, investors could not engage in closing transactions, and an option writer would remain obligated until expiration or assignment.

6. The writer of an American-style option is subject to being assigned an exercise at any time after he has written the option until the option expires. By contrast, the writer of a European-style option is subject to exercise assignment only during the exercise period.

NOTE: It is expected that you will read the booklet entitled CHARACTERISTICS AND RISKS OF STANDARDIZED OPTIONS available from your broker. In particular your attention is directed to the chapter entitled Risks of Buying and Writing Options. This statement is not intended to enumerate all of the risks entailed in writing uncovered options.

(d) *Written Disclosure of Risks of Portfolio Margining*. The special written disclosure statement describing the nature and risks of portfolio margining and acknowledgement for customer signature, required by Rule 10.4(c)(2) shall be in a format prescribed by the Exchange or in a format developed by the TPH organization, provided it contains substantially similar information as the prescribed Exchange format and has received prior written approval of the Exchange.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 9.10. Restrictions on Pledge and Lending of Customers' Securities

(a) No TPH organization shall lend, either to itself or to others, securities carried for the account of any customer, unless such TPH organization shall first have obtained a separate written authorization from such customer permitting the lending of such by such TPH organization; and, regardless of any agreement between a TPH organization and a customer authorizing the TPH organization to lend or pledge such securities, no TPH organization shall lend or pledge more of such securities than is fair and reasonable in view of the indebtedness of the customer to such TPH organization except such lending as may be specifically authorized under paragraph (b) below.

(b) No TPH organization shall lend securities carried for the account of any customer which have been fully paid for or which are in excess of the amount which may be loaned in view of the indebtedness of the customer, unless such TPH organization shall first have obtained from such customer a separate written authorization designating the particular securities to be loaned.

(c) No TPH organization shall hold securities carried for the account of any customer which have been fully paid for or which are in excess of the amount which may be pledged in view of the indebtedness of the customer, unless such securities are segregated and identified by a method which clearly indicates the interest of such customer in those securities.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 9.11. Transactions of Certain Customers

No TPH organization shall execute any transaction in securities or carry a position in any security in which (a) an officer or employee of the Exchange, or an officer or employee of a corporation in which the Exchange owns the majority of the capital stock is directly or indirectly interested, without the prior written consent of the Exchange, or (b) a partner, officer, director, principal shareholder or employee of another TPH organization is directly or indirectly interested, without the consent of such other TPH organization. Where the required consent has been granted, duplicate reports of the transaction and position shall be promptly sent to the Exchange or TPH organization, as the case may be.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 9.12. Prohibition Against Guarantees and Sharing in Accounts

(a) *Prohibition Against Guarantees*. No TPH organization or person associated with a Trading Permit Holder shall guarantee a customer against loss in his account or in any transaction effected with or for such customer.

(b) *Sharing in Accounts; Extent Permissible*.

(1) Except as provided in subparagraph (b)(3), no Trading Permit Holder or person associated with a Trading Permit Holder shall share directly or indirectly in the profits or losses in any account of a customer carried by the Trading Permit Holder or any other Trading Permit Holder; provided, however, that a Trading Permit Holder or person associated with a Trading Permit Holder may share in the profits or losses in such an account if:

(A) such person associated with a Trading Permit Holder obtains prior written authorization from the Trading Permit Holder employing the associated person;

(B) such Trading Permit Holder or person associated with a Trading Permit Holder obtains prior written authorization from the customer; and

(C) such Trading Permit Holder or person associated with a Trading Permit Holder shares in the profits or losses in any account of such customer only in direct proportion to the financial contributions made to such account by either the Trading Permit Holder or person associated with a Trading Permit Holder.

(2) Exempt from the direct proportionate share limitation of subparagraph (b)(1)(C) are accounts of the immediate family of such Trading Permit Holder or person associated with a Trading Permit Holder. For purposes of this Rule, the term "immediate family" shall include parents, mother-in- law or father-in-law, husband or wife, children or any relative to whose support the Trading Permit Holder or person associated with a Trading Permit Holder otherwise contributes directly or indirectly.

(3) Notwithstanding the prohibition of subparagraph (b)(1) and (2), a Trading Permit Holder or person associated with a Trading Permit Holder that is acting as an investment adviser may receive compensation based on a share in profits or gains in an account if:

(A) such person associated with a Trading Permit Holder seeking such compensation obtains prior written authorization from the Trading Permit Holder employing the associated person;

(B) such Trading Permit Holder or person associated with a Trading Permit Holder seeking such compensation obtains prior written authorization from the customer; and

(C) all of the conditions in Rule 205-3 of the Investment Advisers Act (as the same may be amended from time to time) are satisfied.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 9.13. Assuming Losses

No TPH organization shall assume for its own account any position in a security traded on the Exchange, where such position was established for a customer, after a loss to the customer has been established or ascertained, unless the contract was made by the TPH organization's mistake or unless approval of the Exchange has first been obtained.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 9.14. Transfer of Accounts

(a) When a customer whose securities account is carried by a TPH organization (the "carrying organization") wants to transfer the entire account to another TPH organization (the "receiving organization") and gives written notice of that fact to the receiving organization, both TPH organizations must expedite and coordinate activities with respect to the transfer.

(b) Upon receipt from the customer of a signed broker-to-broker transfer instruction to receive such customer's securities account, the receiving organization will immediately submit such instruction to the carrying organization.

(1) The carrying organization must, within five business days following receipt of such instruction, (A) validate and return the transfer instruction (with an attachment reflecting all positions and money balances as shown on its books) to the receiving organization, or (B) take exception to the transfer instruction for reasons other than securities positions or money balance discrepancies and advise the receiving organization of the exception taken.

(2) The carrying organization and the receiving organization must promptly resolve any exceptions taken to the transfer instruction.

(3) Within five business days following the validation of a transfer instruction, the carrying organization must complete the transfer of the customer's securities account to the receiving organization. The carrying organization and the receiving organization must establish fail to

receive and fail to deliver contracts at then current market values upon their respective books of account against the long/short positions (including options) in the customer's securities account that have not been physically delivered/received and the receiving/carrying organization must debit/credit the related money account. The customer's securities account shall thereupon be deemed transferred.

(c) Any fail contracts resulting from this account transfer procedure must be closed out within 10 business days after their establishment.

(d) Any discrepancies relating to positions or money balances that exist or occur after transfer of a customer's securities account must be resolved promptly.

(e) When both the carrying organization and the receiving organization are participants in a Clearing Corporation having automated customer securities account transfer capabilities, the account transfer procedure, including the establishing and closing out of fail contracts, must be accomplished in accordance with the provisions of this Rule and pursuant to the rules of and through such Clearing Corporation.

(f) The Exchange may exempt from the provisions of this Rule, either unconditionally or on specified terms and conditions, (1) any TPH organization or class of TPH organizations, or (2) any type of account, security or financial instrument.

(g) Unless an exemption has been granted pursuant to paragraph (f) of this Rule, the Exchange may impose upon a TPH organization a fee of up to $100 per securities account for each day such TPH organization fails to adhere to the time frames or procedures required by this Rule and related published interpretations.

(h) For purposes of this Rule, the term "securities account" shall be deemed to include any and all of the account's money market fund positions or the redemption value thereof.

(i) Transfer instructions and reports required by this Rule shall be in such form as may be prescribed by the Exchange.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 9.15. Options Communications

(a) *Definitions*. For purposes of this Rule and any interpretation thereof, "options communications" consist of:

(1) *Correspondence*. The term "correspondence" shall include any written (including electronic) communication distributed or made available to 25 or fewer retail customers within any 30 calendar-day period.

(2) *Institutional Communication*. The term "institutional communication" shall include any written (including electronic) communication concerning options that is distributed or made available only to institutional investors, but does not include a Trading Permit Holder's

internal communications. The term institutional investor shall mean any qualified investor as defined in Section 3(a)(54) of the Exchange Act.

(3) *Retail Communication*. The term "retail communication" means any written (including electronic) communication that is distributed or made available to more than 25 retail investors within any 30 calendar-day period.

(b) *Approval by Registered Options Principal*.

(1) *Retail Communications*. All retail communications (except completed worksheets) issued by a Trading Permit Holder or TPH organization pertaining to options shall be approved in advance by a Registered Options Principal designated by the Trading Permit Holder or TPH organization's written supervisory procedures.

(2) *Correspondence*. Correspondence need not be approved by a Registered Options Principal prior to use. All correspondence is subject to the supervision and review requirements of Rule 9.2.

(3) *Institutional Communications*. Each Trading Permit Holder or TPH organization shall establish written procedures that are appropriate to its business, size, structure, and customers for review by a Registered Options Principal of institutional communications used by the Trading Permit Holder or TPH organization.

(4) *Copies*. Copies of the options communications shall be retained by the Trading Permit Holder or TPH organization in accordance with Rule 17a-4 under the Exchange Act. The names of the persons who prepared the options communications, the names of the persons who approved the options communications, and the source of any recommendations contained therein shall be retained by the Trading Permit Holder or TPH organization and kept in the form and for the time periods required for options communications by Rule 17a-4 under the Exchange Act.

(c) *Exchange Approval Required*. In addition to the approval required by paragraph (b) above, retail communications of a Trading Permit Holder or TPH organization pertaining to standardized options that is not accompanied or preceded by the applicable current options disclosure document ("ODD") shall be submitted to the Exchange at least 10 calendar days prior to use (or such shorter period as the Exchange may allow in particular instances) for approval and, if changed or expressly disapproved by the Exchange, shall be withheld from circulation until any changes specified by the Exchange have been made or, in the event of disapproval, until the communication has been resubmitted for, and has received, Exchange approval. The requirements of this paragraph shall not be applicable to:

(1) options communications submitted to another self-regulatory organization having comparable standards pertaining to such communications and

(2) communications in which the only reference to options is contained in a listing of the services of the TPH organization;

(3) the ODD; and

(4) the prospectus.

(d) *General Rule*. No Trading Permit Holder or member organization or associated person shall use any options communication which:

(1) Contains any untrue statement or omission of a material fact or is otherwise false or misleading.

(2) Contains promises of specific results, exaggerated or unwarranted claims, opinions for which there is no reasonable basis or forecasts of future events which are unwarranted or which are not clearly labeled as forecasts.

(3) Contains cautionary statements or caveats that are not legible, are misleading, or are inconsistent with the content of the materials.

(4) Contains statements suggesting the certain availability of a secondary market for options.

(5) Fails to reflect the risks attendant to options transactions and the complexities of certain options investment strategies.

(6) Fails to include a warning to the effect that options are not suitable for all investors or contains suggestions to the contrary.

(7) Fails to include a statement that supporting documentation for any claims (including any claims made on behalf of options programs or the options expertise of sales persons), comparisons, recommendations, statistics, or other technical data, will be supplied upon request.

(8) Would constitute a prospectus as that term is defined in the Securities Act of 1933, unless it meets the requirements of Section 10 of the Securities Act of 1933. Paragraphs

Subparagraphs (d)(6) and (7) shall not apply to institutional communications as defined in this Rule. Any statement in any options communications referring to the potential opportunities or advantages presented by options shall be balanced by a statement of the corresponding risks. The risk statement shall reflect the same degree of specificity as the statement of opportunities, and broad generalities must be avoided. Paragraphs (6) and (7) shall not apply to institutional sales material as defined in this Rule 9.15.

(e) *Standards Applicable to Options Communications*.

(1) Unless preceded or accompanied by the ODD, options communications shall:

(A) Be limited to general descriptions of the options being discussed.

(B) Contain contact information for obtaining a copy of the ODD.

(C) Not contain recommendations or past or projected performance figures, including annualized rates of return, or names of specific securities.

(2) Options communications used prior to ODD delivery may:

(A) Contain a brief description of options, including a statement that identifies registered clearing agencies for options. The text may also contain a brief description of the general attributes and method of operation of the exchanges on which options are traded, including a discussion of how an option is priced.

(B) Include any statement required by any state law or administrative authority.

(C) Include advertising designs and devices, including borders, scrolls, arrows, pointers, multiple and combined logos and unusual type faces and lettering as well as attention- getting headlines and photographs and other graphics, provided such material is not misleading.

(3) The subparagraph (e)(1)(B) requirement to include contact information for obtaining a copy of the ODD may be satisfied by providing a name and address or one or more telephone numbers from which the current options disclosure document may be obtained; directing existing clients to contact their registered representative; or including a response card through which a current options disclosure document may be obtained. An internet address may also be used, however, such an address must be accompanied by either a telephone number or mailing address for use by those investors who do not have access to the internet.

(f) *Projections*. Options communications may contain projected performance figures (including projected annualized rates of return), provided that:

(1) All such communications are accompanied or preceded by the ODD.

(2) No suggestion of certainty of future performance is made.

(3) Parameters relating to such performance figures are clearly established (e.g., to indicate exercise price of option, purchase price of the underlying stock and its market price, option premium, anticipated dividends, etc.).

(4) All relevant costs, including commissions, fees and interest charges (as applicable) are disclosed.

(5) Such projections are plausible and are intended as a source of reference or a comparative device to be used in the development of a recommendation.

(6) All material assumptions made in such calculations are clearly identified (e.g., “assume option expires”, “assume option unexercised”, “assume option exercised,” etc.).

(7) The risks involved in the proposed transactions are also discussed.

In communications relating to annualized rates of return, that such returns are not based upon any less than a 60-day experience; any formulas used in making calculations are clearly displayed; and a statement is included to the effect that the annualized returns cited might be achieved only if the parameters described can be duplicated and that there is no certainty of doing so.

(g) *Historical Performance*. Options communications may feature records and statistics which portray the performance of past recommendations or of actual transactions, provided that:

(1) All such communications are accompanied or preceded by the ODD.

(2) Any such portrayal is done in a balanced manner, and consists of records or statistics that are confined to a specific "universe" that can be fully isolated and circumscribed and that covers at least the most recent 12-month period.

(3) Such communications include the date of each initial recommendation or transaction, the price of each such recommendation or transaction as of such date, and the date and price of each recommendation or transaction at the end of the period or when liquidation was suggested or effected, whichever was earlier; provided that if the communications are limited to summarized or averaged records or statistics, in lieu of the complete record there may be included the number of items recommended or transacted, the number that advanced and the number that declined, together with an offer to provide the complete record upon request.

(4) All relevant costs, including commissions, fees, and interest charges (as applicable) are disclosed.

(5) Whenever such communications contain annualized rates of return, all material assumptions used in the process of annualization are disclosed.

(6) An indication is provided of the general market conditions during the period(s) covered, and any comparison made between such records and statistics and the overall market (e.g., comparison to an index) is valid.

(7) Such communications state that the results presented should not and cannot be viewed as an indicator of future performance.

(8) A Registered Options Principal determines that the records or statistics fairly present the status of the recommendations or transactions reported upon and so initials the report.

(h) *Options Programs*. In communications regarding an options program (i.e., an investment plan employing the systematic use of one or more options strategies), the cumulative history or unproven nature of the program and its underlying assumptions shall be disclosed.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 9.16. Brokers' Blanket Bonds

Every TPH organization approved to transact business with the public under this Chapter and every Clearing Trading Permit Holder shall carry Brokers' Blanket Bonds covering their officers and employees in such form and in such amounts as the Exchange may require. The Exchange has determined that all Trading Permit Holders subject to the provisions of this Rule 9.16 shall maintain Brokers' Blanket Bonds as follows:

(a) *Coverage Required*.

(1) Maintain a Brokers' Blanket Bond similar to the standard form established by the Surety Association of America, covering officers and employees which provides against loss and has agreements covering at least the following:

(A) Fidelity

(B) On Premises

(C) In Transit

(D) Misplacement

(E) Forgery and Alteration (including check forgery)

(F) Securities Loss (including securities forgery)

(G) Fraudulent Trading

(H) A Cancellation Rider providing that the insurance carrier will promptly notify the Cboe Exchange, Inc., Inc. of cancellation, termination or substantial modification of the bond

(2) Maintain minimum coverage for all insuring agreements required in this paragraph (a) of not less than $25,000.

(3) Maintain required coverage for Fidelity, On Premises, In Transit, Misplacement, and Forgery and Alteration insuring agreements of not less than 120% of its required net capital under SEC Rule 15c3-1 up to $600,000. Minimum coverage for required net capital in excess of $600,000 shall be determined by reference to the following table:

Net Capital Requirement Under SEC Rule 15c3-1	Minimum Coverage
$ 600,001-$1,000,000	$750,000
$1,000,001-$2,000,000	$1,000,000
$2,000,001-$3,000,000	$1,500,000
$3,000,001-$4,000,000	$2,000,000
$4,000,001-$5,000,000	$3,000,000
$6,000,001-$12,000,000	$4,000,000
$12,000,001- and above	$5,000,000

(4) Maintain Fraudulent Trading coverage of not less than $25,000 or 50% of the coverage required in subparagraph (a)(3) whichever is greater, up to $500,000;

(5) Maintain Securities Forgery coverage of not less than $25,000 or 25% of the coverage required in subparagraph (a)(3), whichever is greater, up to $250,000.

(b) *Deductible Provision*.

(1) A deductible provision may be included in the bond of up to $5,000 or 10% of the minimum insurance requirement established hereby, whichever is greater.

(2) If a Trading Permit Holder desires to maintain coverage in excess of the minimum insurance requirement, then a deductible provision may be included in the bond of up to $5,000 or 10% of the amount of blanket bond coverage provided in the bond purchased, whichever is greater. However, the excess of any such deductible amount over the maximum permissible deductible amount described in subparagraph (b)(1) above must be deducted from the Trading Permit Holder's net worth in the calculation of the Trading Permit Holder's net capital for purposes of SEC Rule 15c3-1.

(3) When the Trading Permit Holder is covered under the Brokers' Blanket Bond of an affiliate, the Trading Permit Holder must deduct from its net capital the deductible provision in excess of the maximum permissible amount described in subparagraph (b)(1) above.

(c) *Annual Review of Coverage*.

(1) In determining the initial minimum coverage amount, the Trading Permit Holder is to use the highest required net capital during the 12-month period immediately preceding (and make) the issuance of the Brokers' Blanket Bond. This amount shall be used to determine minimum required coverage for the succeeding twelve-month period pursuant to subparagraphs (a)(3), (4), and (5).

(2) Each Trading Permit Holder, shall review, as of the anniversary date of the issuance of the bond, the adequacy thereof by reference to the highest required net capital during the immediately preceding 12-month period, which amount shall be used to determine minimum required coverage for the succeeding 12-month period pursuant to subparagraphs (a)(2), (3), (4), and (5).

(3) Each Trading Permit Holder shall make required adjustments not more than 30 days after the anniversary date of the issuance of such bond.

(d) *Notification of Change*.

Each Trading Permit Holder shall report the cancellation, termination or substantial modification of the bond to the Exchange within 10 business days of such occurrences.

(e) *Trading Permit Holders Subject to Other Bonding Rules*.

Trading Permit Holders subject to a bonding rule of another registered national securities exchange, the Commission, or a registered national securities association which imposes requirements that are equal to or greater than the requirements imposed by the Rule shall be deemed to be in compliance with the provisions of this Rule.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 9.17. Customer Complaints

Every TPH organization conducting a non-Trading Permit Holder customer business shall make and keep current a separate central log, index or other file for all options-related complaints, through which these complaints can easily be identified and retrieved. The term "options-related complaint" shall mean any written statement by a customer or person acting on behalf of a customer alleging a grievance arising out of or in connection with listed options. The central file shall be located at the principal place of business of the TPH organization or such other principal office as shall be designated by the TPH organization. At a minimum, the central file shall include: (1) identification of complainant, (2) date complaint was received, (3) identification of Registered Representative servicing the account, (4) a general description of the matter complained of, and (5) a record of what action, if any, has been taken by the TPH organization with respect to the complaint. Each options-related complaint received by a branch office of a TPH organization shall be forwarded to the office in which the separate, central file is located not later than 30 days after receipt by the branch office. A copy of every options-related complaint shall be maintained at the branch office that is the subject of the complaint.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 9.18. Telemarketing

(a) *Telemarketing Restrictions*. No Trading Permit Holder or associated person shall make an outbound telephone call to:

(1) any person's residence at any time other than between 8:00 a.m. and 9:00 p.m. local time at the called person's location;

(2) any person that previously has stated that he or she does not wish to receive any outbound telephone calls made by or on behalf of the Trading Permit Holder; or

(3) any person who has registered his or her telephone number on the Federal Trade Commission's national do-not-call registry.

(b) *Caller Disclosures*. No Trading Permit Holder or associated person shall make an outbound telephone call to any person without disclosing truthfully, promptly and in a clear and conspicuous manner to the called person the following information:

(1) the identity of the caller and the TPH organization;

(2) the telephone number or address at which the caller may be contacted; and

(3) that the purpose of the call is to solicit the purchase of securities or related services.

The telephone number provided may not be a 900 number or any other number for which charges exceed local or long-distance transmission charges.

(c) *Exceptions*. The prohibition of subparagraph (a)(1) does not apply to outbound telephone calls by a Trading Permit Holder or an associated person if:

(1) the Trading Permit Holder has received that person's express prior consent;

(2) the Trading Permit Holder has an established business relationship with the person; or

(3) the person called is a broker or dealer.

(d) *Trading Permit Holder's Firm-Specific Do-Not-Call List*.

(1) Each Trading Permit Holder shall make and maintain a centralized list of persons who have informed the Trading Permit Holder or any of its associated persons that they do not wish to receive outbound telephone calls.

(2) Prior to engaging in telemarketing, a Trading Permit Holder must institute procedures to comply with paragraphs (a) and (b). Such procedures must meet the following minimum standards:

(A) *Written Policy*. Trading Permit Holders must have a written policy for maintaining the do-not-call list described under subparagraph (d)(1).

(B) *Training of Personnel Engaged in Telemarketing*. Personnel engaged in any aspect of telemarketing must be informed and trained in the existence and use of the do-not-call list.

(C) *Recording, Disclosure of Do-Not-Call Requests*. If a Trading Permit Holder receives a request from a person not to receive calls from that Trading Permit Holder, the Trading Permit Holder must record the request and place the person's name, if provided, and telephone number on the Trading Permit Holder's firm-specific do-not-call list at the time the request is made. Trading Permit Holders must honor a person's do-not-call request within a reasonable time from the date such request is made. This period may not exceed 30 days from the date of such request. If such requests are recorded or maintained by a party other than the Trading Permit Holder on whose behalf the outbound telephone call is made, the Trading Permit Holder on whose behalf the outbound telephone call is made will be liable for any failures to honor the do-not-call request.

(D) *Identification of Telemarketers*. A Trading Permit Holder or associated person making an outbound telephone call must make the caller disclosures set forth in paragraph (b).

(E) *Affiliated Persons or Entities*. In the absence of a specific request by the person to the contrary, a person's do-not-call request shall apply to the Trading Permit Holder making the call, and shall not apply to affiliated entities unless the consumer reasonably would expect them to be included given the identification of the caller and the product being advertised.

(F) *Maintenance of Do-Not-Call Lists*. A Trading Permit Holder making outbound telephone calls must maintain a record of a person's request not to receive further calls.

(e) *Do-Not-Call Safe Harbors*.

(1) A Trading Permit Holder or associated person making outbound telephone calls will not be liable for violating subparagraph (a)(3) if:

(A) the Trading Permit Holder has an established business relationship with the called person. A person's request to be placed on the Trading Permit Holder's firm-specific do- not-call list terminates the established business relationship exception to the national do- not-call registry provision for that Trading Permit Holder even if the person continues to do business with the Trading Permit Holder;

(B) the Trading Permit Holder has obtained the person's prior express written consent. Such consent must be clearly evidenced by a signed, written agreement (which may be obtained electronically under the E-Sign Act) between the person and the Trading Permit Holder, which states that the person agrees to be contacted by the Trading Permit Holder and includes the telephone number to which the calls may be placed; or

(C) the Trading Permit Holder or associated person making the call has a personal relationship with the called person.

(2) A Trading Permit Holder or associated person making outbound telephone calls will not be liable for violating subparagraph (a)(3) if the Trading Permit Holder or associated person demonstrates that the violation is the result of an error and that as part of the Trading Permit Holder's routine business practice:

(A) the Trading Permit Holder has established and implemented written procedures to comply with paragraphs (a) and (b);

(B) the Trading Permit Holder has trained its personnel, and any entity assisting in its compliance, in the procedures established pursuant to subparagraph (e)(2)(A);

(C) the Trading Permit Holder has maintained and recorded a list of telephone numbers that it may not contact in compliance with paragraph (d); and

(D) the Trading Permit Holder uses a process to prevent outbound telephone calls to any telephone number on the Trading Permit Holder's firm-specific do-not-call list or the national do-not-call registry, employing a version of the national do-not-call

registry obtained from the Federal Trade Commission no more than 31 days prior to the date any call is made, and maintains records documenting this process.

(f) *Wireless Communications*. The provisions set forth in this Rule are applicable to Trading Permit Holders and associated persons making outbound telephone calls to wireless telephone numbers.

(g) *Outsourcing Telemarketing*. If a Trading Permit Holder uses another appropriately registered or licensed entity or person to perform telemarketing services on its behalf, the Trading Permit Holder remains responsible for ensuring compliance with all provisions contained in this Rule.

(h) *Billing Information*. For any telemarketing transaction, no Trading Permit Holder or associated person shall cause billing information to be submitted for payment, directly or indirectly, without the express informed consent of the customer. Each Trading Permit Holder or associated person must obtain the express informed consent of the person to be charged and to be charged using the identified account.

In any telemarketing transaction involving preacquired account information, the following requirements must be met to evidence express informed consent:

(1) In any telemarketing transaction involving preacquired account information and a free-to-pay conversion feature, the Trading Permit Holder or associated person must:

(A) obtain from the customer, at a minimum, the last four digits of the account number to be charged;

(B) obtain from the customer an express agreement to be charged and to be charged using the account number pursuant to subparagraph (h)(1)(A); and

(C) make and maintain an audio recording of the entire telemarketing transaction.

(2) In any other telemarketing transaction involving preacquired account information not described in subparagraph (h)(1), the Trading Permit Holder or associated person must:

(A) identify the account to be charged with sufficient specificity for the customer to understand what account will be charged; and

(B) obtain from the customer an express agreement to be charged and to be charged using the account number identified pursuant to subparagraph (h)(2)(A).

(i) *Caller Identification Information*.

(1) Any Trading Permit Holder that engages in telemarketing must transmit or cause to be transmitted the telephone number and, when made available by the Trading Permit Holder's telephone carrier, the name of the Trading Permit Holder to any caller identification service in use by a recipient of an outbound telephone call.

(2) The telephone number so provided must permit any person to make a do-not-call request during regular business hours.

(3) Any Trading Permit Holder that engages in telemarketing is prohibited from blocking the transmission of caller identification information.

(j) *Unencrypted Consumer Account Numbers*. No Trading Permit Holder or associated person shall disclose or receive, for consideration, unencrypted consumer account numbers for use in telemarketing. The term "unencrypted" means not only complete, visible account numbers, whether provided in lists or singly, but also encrypted information with a key to its decryption. This paragraph will not apply to the disclosure or receipt of a customer's billing information to process pursuant to a telemarketing transaction.

(k) *Abandoned Calls*.

(1) No Trading Permit Holder or associated person shall "abandon" any outbound telephone call. An outbound telephone call is "abandoned" if a called person answers it and the call is not connected to a Trading Permit Holder or associated person within two seconds of the called person's completed greeting.

(2) A Trading Permit Holder or associated person shall not be liable for violating subparagraph (k)(1) if:

(A) the Trading Permit Holder or associated person employs technology that ensures abandonment of no more than three percent of all outbound telephone calls answered by a person, measured over the duration of a single calling campaign, if less than 30 days, or separately over each successive 30-day period or portion thereof that the campaign continues;

(B) the Trading Permit Holder or associated person, for each outbound telephone call placed, allows the telephone to ring for at least 15 seconds or four rings before disconnecting an unanswered call;

(C) whenever a Trading Permit Holder or associated person is not available to speak with the person answering the outbound telephone call within two seconds after the person's completed greeting, the Trading Permit Holder or associated person promptly plays a prerecorded message that states the name and telephone number of the Trading Permit Holder or associated person on whose behalf the call was placed; and

(D) the Trading Permit Holder or associated person retains records establishing compliance with paragraph (k)(2).

(l) *Prerecorded Messages*.

(1) No Trading Permit Holder or associated person shall initiate any outbound telephone call that delivers a prerecorded message, other than a prerecorded message permitted for compliance with the call abandonment safe harbor in subparagraph (k)(2)(C), unless:

(A) the Trading Permit Holder has obtained from the called person an express agreement, in writing, that:

(i) the Trading Permit Holder obtained only after a clear and conspicuous disclosure that the purpose of the agreement is to authorize the Trading Permit Holder to place prerecorded calls to such person;

(ii) the Trading Permit Holder obtained without requiring, directly or indirectly, that the agreement be executed as a condition of purchasing any good or service;

(iii) evidences the willingness of the called person to receive calls that deliver prerecorded messages by or on behalf of the Trading Permit Holder; and

(iv) includes such person's telephone number and signature (which may be obtained electronically under the E-Sign Act);

(B) the Trading Permit Holder allows the telephone to ring for a least 15 seconds or four rings before disconnecting an unanswered call and, within two seconds after the completed greeting of the called person, plays a prerecorded message that promptly provides the disclosures in paragraph (b), followed immediately by a disclosure of one or both of the following:

(i) in the case of a call that could be answered in person, that the called person can use an automated interactive voice and/or keypress-activated opt-out mechanism to assert a firm-specific do-not-call request pursuant to the Trading Permit Holder's procedures instituted under subparagraph (d)(2)(C) at any time during the message. The mechanism must automatically add the number called to the Trading Permit Holder's firm-specific do-not-call list; once invoked, immediately disconnect the call; and be available for use at any time during the message; and

(ii) in the case of a call that could be answered by an answering machine or voicemail service, that the call recipient can use a toll-free telephone number to assert a firm- specific do-not-call request pursuant to the Trading Permit Holder's procedures instituted under subparagraph (d)(2)(C). The number provided must connect directly to an automated interactive voice or keypress-activated opt-out mechanism that automatically adds the number called to the Trading Permit Holder's firm-specific do- not-call list; immediately thereafter disconnects the call; and is accessible at any time throughout the duration of the telemarketing campaign; and

(C) the Trading Permit Holder complies with all other requirements of this Rule and other applicable federal and state laws.

(2) Any call that complies with all applicable requirements of paragraph (l) shall not be deemed to violate paragraph (k).

(m) *Credit Card Laundering*. Except as expressly permitted by the applicable credit card system, no Trading Permit Holder or associated person shall:

(1) present to or deposit into the credit card system for payment a credit card sales draft generated by a telemarketing transaction that is not the result of a telemarketing credit card transaction between the cardholder and the Trading Permit Holder;

(2) employ, solicit, or otherwise cause a merchant, or an employee, representative or agent of the merchant, to present to or to deposit into the credit card system for payment a credit card sales draft generated by a telemarketing transaction that is not the result of a telemarketing credit card transaction between the cardholder and the merchant; or

(3) obtain access to the credit card system through the use of a business relationship or an affiliation with a merchant, when such access is not authorized by the merchant agreement or the applicable credit card system.

(n) *Definitions*. For purposes of this Rule:

(1) The term "account activity" includes, but is not limited to, purchases, sales, interest credits or debits, charges or credits, dividend payments, transfer activity, securities receipts or deliveries, and/or journal entries relating to securities or funds in the possession or control of the Trading Permit Holder.

(2) The term "acquirer" means a business organization, financial institution, or an agent of a business organization or financial institution that has authority from an organization that operates or licenses a credit card system to authorize merchants to accept, transmit, or process payment by credit card through the credit card system for money, goods or services, or anything else of value.

(3) The term "billing information" means any data that enables any person to access a customer's or donor's account, such as a credit or debit card number, a brokerage, checking, or savings account number, or a mortgage loan account number. A "donor" means any person solicited to make a charitable contribution. A "charitable contribution" means any donation or gift of money or any other thing of value, for example a transfer to a pooled income fund.

(4) The term "broker-dealer of record" refers to the broker or dealer identified on a customer's account application for accounts held directly at a mutual fund or variable insurance product issuer.

(5) The term "caller identification service" means a service that allows a telephone subscriber to have the telephone number and, where available, name of the calling party transmitted contemporaneously with the telephone call, and displayed on a device in or connected to the subscriber's telephone.

(6) The term "cardholder" means a person to whom a credit card is issued or who is authorized to use a credit card on behalf of or in addition to the person to whom the credit card is issued.

(7) The term "credit" means the right granted by a creditor to a debtor to defer payment of debt or to incur debt and defer its payment.

(8) The term "credit card" means any card, plate, coupon book, or other credit device existing for the purpose of obtaining money, property, labor, or services on credit.

(9) The term "credit card sales draft" means any record or evidence of a credit card transaction.

(10) The term "credit card system" means any method or procedure used to process credit card transactions involving credit cards issued or licensed by the operator of that system.

(11) The term "customer" means any person who is or may be required to pay for goods or services through telemarketing.

(12) The term "established business relationship" means a relationship between a Trading Permit Holder and a person if:

> (A) the person has made a financial transaction or has a security position, a money balance, or account activity with the Trading Permit Holder or at a clearing firm that provides clearing services to such Trading Permit Holder within the 18 months immediately preceding the date of an outbound telephone call;
>
> (B) the Trading Permit Holder is the broker-dealer of record for an account of the person within the 18 months immediately preceding the date of an outbound telephone call; or
>
> (C) the person has contacted the Trading Permit Holder to inquire about a product or service offered by the Trading Permit Holder within the three months immediately preceding the date of an outbound telephone call.

A person's established business relationship with a Trading Permit Holder does not extend to the Trading Permit Holder's affiliated entities unless the person would reasonably expect them to be included. Similarly, a person's established business relationship with a Trading Permit Holder's affiliate does not extend to the Trading Permit Holder unless the person would reasonably expect the Trading Permit Holder to be included.

(13) The term "free-to-pay conversion" means, in an offer or agreement to sell or provide any goods or services, a provision under which a customer receives a product or service for free for an initial period and will incur an obligation to pay for the product or service if he or she does not take affirmative action to cancel before the end of that period.

(14) The term "merchant" means a person who is authorized under a written contract with an acquirer to honor or accept credit cards, or to transmit or process for payment credit card payments, for the purchase of goods or services or a charitable contribution.

(15) The term "merchant agreement" means a written contract between a merchant and an acquirer to honor or accept credit cards, or to transmit or process for payment credit card payments, for the purchase of goods or services or a charitable contribution.

(16) The term "outbound telephone call" means a telephone call initiated by a telemarketer to induce the purchase of goods or services or to solicit a charitable contribution from a donor.

(17) The term "person" means any individual, group, unincorporated association, limited or general partnership, corporation, or other business entity.

(18) The term "personal relationship" means any family member, friend, or acquaintance of the person making an outbound telephone call.

(19) The term "preacquired account information" means any information that enables a Trading Permit Holder or associated person to cause a charge to be placed against a customer's or donor's account without obtaining the account number directly from the customer or donor during the telemarketing transaction pursuant to which the account will be charged.

(20) The term "telemarketer" means any person who, in connection with telemarketing, initiates or receives telephone calls to or from a customer or donor.

(21) The term "telemarketing" means consisting of or relating to a plan, program, or campaign involving at least one outbound telephone call, for example cold-calling. The term does not include the solicitation of sales through the mailing of written marketing materials, when the person making the solicitation does not solicit customers by telephone but only receives calls initiated by customers in response to the marketing materials and during those calls takes orders only without further solicitation. For purposes of the previous sentence, the term "further solicitation" does not include providing the customer with information about, or attempting to sell, anything promoted in the same marketing materials that prompted the customer's call.

(o) *Applicable Rules*. Trading Permit Holders and associated persons that engage in telemarketing also are subject to the requirements of relevant state and federal laws and rules, including but not limited to the Telemarketing and Consumer Fraud and Abuse Prevention Act, the Telephone Consumer Protection Act, and the rules of the Federal Communications Commission ("FCC") relating to telemarketing practices and the rights of telephone consumers. It is considered conduct inconsistent with just and equitable principles of trade and a violation of Rule 8.1 for any Trading Permit Holder or associated person to: (1) call a person repeatedly or continuously in a manner likely to annoy or be offensive; or (2) use threats, intimidation, or profane or obscene language in calling any person.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 9.19. Borrowing From or Lending to Customers

(a) *General*. No person associated with a Trading Permit Holder or TPH organization in any registered capacity may borrow money from or lend money to any customer of such person unless:

(1) The Trading Permit Holder or TPH organization has written procedures allowing the borrowing and lending of money between such registered persons and customers of the Trading Permit Holder or TPH organization; and

(2) the lending or borrowing arrangement meets one of the following conditions:

(A) the customer is a member of such person's immediate family;

(B) the customer is a financial institution regularly engaged in the business of providing credit, financing, or loans, or other entity or person that regularly arranges or extends credit in the ordinary course of business;

(C) the customer and the registered person are both registered persons of the same member organization;

(D) the lending arrangement is based on a personal relationship with the customer, such that the loan would not have been solicited, offered, or given had the customer and the associated person not maintained a relationship outside of the broker/customer relationship; or

(E) the lending arrangement is based on a business relationship outside of the broker/customer relationship;

(b) *Procedures*. Trading Permit Holders or TPH organizations must pre-approve in writing the lending or borrowing arrangements described in subparagraphs (a)(2)(C), (D), and (E) above.

(1) With respect to the lending or borrowing arrangements described in subparagraph (a)(2)(A) above, a Trading Permit Holder or TPH organization's written procedures may indicate that registered persons are not required to notify the Trading Permit Holder or TPH organization, or receive Trading Permit Holder or TPH organization approval either prior to or subsequent to entering into such lending or borrowing arrangements.

(2) With respect to the lending or borrowing arrangements described in subparagraph (a)(2)(B) above, a Trading Permit Holder or TPH organization's written procedures may indicate that registered persons are not required to notify the Trading Permit Holder or TPH organization or receive their approval either prior to or subsequent to entering into such lending or borrowing arrangements, provided that the loan has been made on commercial terms that the customer generally makes available to members of the public similarly situated as to need, purpose, and creditworthiness. For purposes of this subparagraph, the Trading Permit Holder or TPH organization may rely on the registered person's representation that the terms of the loan meet the above-described standards.

(c) *Immediate Family*. The term immediate family shall include parents, grandparents, mother-in-law or father-in- law, husband or wife, brother or sister, brother-in-law or sister-in-law, son-in-law or daughter-in- law, children, grandchildren, cousin, aunt or uncle, or niece or nephew, and shall also include any other person whom the registered person supports, directly or indirectly, to a material extent.

[Effective October 7, 2019 (SR-CBOE-2019-088)]

Rule 9.20. Global Trading Hours Disclosure

No Trading Permit Holder may accept an order from a customer for execution during Global Trading Hours without disclosing to that customer that trading during Global Trading Hours involves material

trading risks, including the possibility of lower liquidity, high volatility, changing prices, an exaggerated effect from news announcements, wider spreads, the absence of an updated underlying index or portfolio value or intraday indicative value and lack of regular trading in the securities underlying the index or portfolio and any other relevant risk. The disclosures required pursuant to this Rule may take the following form or such other form as provides substantially similar information:

(a) *Risk of Lower Liquidity.* Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders and quotes that are available in a market, the greater the liquidity. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities, and as a result, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity during Global Trading Hours as compared to Regular Trading Hours, including fewer Market-Makers quoting during Global Trading Hours. As a result, your order may only be partially executed, or not at all.

(b) *Risk of Higher Volatility.* Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility during Global Trading Hours as compared to Regular Trading Hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price during Global Trading Hours as compared to Regular Trading Hours.

(c) *Risk of Changing Prices. The* prices of securities traded during Global Trading Hours may not reflect the prices either at the end of Regular Trading Hours, or upon the opening of Regular Trading Hours the next business day. As a result, you may receive an inferior price during Global Trading Hours as compared to Regular Trading Hours.

(d) *Risk of News Announcements.* Normally, issuers make news announcements that may affect the price of their securities after Regular Trading Hours. Similarly, important financial information is frequently announced outside of Regular Trading Hours. These announcements may occur during Global Trading Hours, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.

(e) *Risk of Wider Spreads.* The spread refers to the difference between the price for which you can buy a security and the price for which you can sell it. Lower liquidity and higher volatility during Global Trading Hours may result in wider than normal spreads for a particular security.

(f) *Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value ("IIV") and Lack of Regular Trading in Securities Underlying Indexes.* For certain products, an updated underlying index or portfolio value or IIV will not be calculated or publicly disseminated during Global Trading Hours. Since the underlying index or portfolio value and IIV are not calculated or widely disseminated during Global Trading Hours, an investor who is unable to calculate implied values for certain products during Global Trading Hours may be at a disadvantage to market professionals. Additionally, securities underlying the indexes or portfolios will not be regularly trading as they are during Regular Trading Hours, or may not be trading at all. This may cause prices during Global Trading Hours to not reflect the prices of those securities when they open for trading.

[Effective October 7, 2019 (SR-CBOE-2019-027)]

CHAPTER 10. MARGIN REQUIREMENTS

Rule 10.1. General Rule

No TPH organization may effect a transaction or carry an account for a customer, whether a Trading Permit Holder or non-Trading Permit Holder, without proper and adequate margin in accordance with this Chapter 10, all other applicable rules of the Exchange, and Regulation T of the Federal Reserve Board.

[Effective October 7, 2019 (SR-CBOE-2019-069)]

Rule 10.2. Time Margin Must Be Obtained

(a) *Securities Other Than Security Futures Contracts*. The amount of initial margin, or payment in respect of cash account transactions, required by this Rule shall be obtained as promptly as possible and in any event within one payment period as defined in Section 220.2 of Regulation T of the Board of Governors of the Federal Reserve System. The amount of maintenance margin required by this Rule shall be obtained as promptly as possible and in any event within 15 business days.

[Effective October 7, 2019 (SR-CBOE-2019-069)]

Rule 10.3. Margin Requirements

(a) *Definitions*. For purposes of this Rule, the following terms shall have the meanings specified below.

(1) The term "bank" means a U.S. bank or trust company (but not a bank holding company) supervised and examined by state or federal authority.

(2) The term "current market value" is as defined in Section 220.3 of Regulation T of the Board of Governors of the Federal Reserve System. At any other time, in the case of options, stock index warrants, currency index warrants and currency warrants, it shall mean the closing price of that series of options or warrants on the Exchange on any day with respect to which a determination of current market value is made, except in the case of certain index options determined by the Exchange, it shall be based on quotes for that series of options on the Exchange 15 minutes prior to the close of trading on any day with respect to which a determination of current market value is made. In the case of other securities, it shall mean the preceding business day's closing price as shown by any regularly published reporting or quotation service. If there is no closing price or quotes, as applicable, on the option or on another security, a TPH organization may use a reasonable estimate of the current market value of the security as of the close of business or as of 15 minutes prior to the closing of trading, respectively, on the preceding business day.

(3) The term "escrow agreement", when used in connection with non cash settled call or put options carried short, means any agreement issued in a form acceptable to the Exchange under which a bank holding the underlying security (in the case of a call option) or required cash, cash equivalents or a combination thereof (in the case of a put option), is obligated

to deliver to the creditor (in the case of a call option) or accept from the creditor (in the case of a put option) the underlying security against payment of the exercise price in the event the call or put is assigned an exercise notice.

The term "escrow agreement", when used in connection with cash settled call or put options, stock index warrants, currency index warrants or currency warrants carried short, means any agreement issued in a form acceptable to the Exchange under which a bank holding cash, cash equivalents, one or more qualified equity securities or a combination thereof in the case of a call option or warrant; or cash, cash equivalents or a combination thereof in the case of a put option or warrant; is obligated (in the case of an option) to pay the creditor the exercise settlement amount in the event an option is assigned an exercise notice or (in the case of a warrant) the funds sufficient to purchase a warrant sold short in the event of a buy-in.

(4) The term "exempted security" or "exempted securities" has the same meaning as in Section 3(a)(12) of the Securities Exchange Act of 1934.

(5) For the purpose of this rule, the term "spread" means an equivalent long and short position in different call option series, different put option series, or combinations thereof, that collectively have a limited risk / reward profile, and meet the following conditions (A) all options must have the same underlying security or instrument, (B) all options must be either all American style or all European style, (C) all options must be either all listed or all OTC, (D) within option type(s), the long and short options must have equal aggregate underlying contract values and (E) the short option(s) must expire on or before the expiration date of the long option(s).

(6) The term "box spread" means an aggregation of positions in a long call option and short put option with the same exercise price ("buy side") coupled with a long put option and short call option with the same exercise price ("sell side") all of which have the same underlying component or index and time of expiration, and are based on the same aggregate current underlying value, and are structured as either: (A) a "long box spread" in which the sell side exercise price exceeds the buy side exercise price or (B) a "short box spread" in which the buy side exercise price exceeds the sell side exercise price.

(7) The term "underlying stock basket" means a group of securities which includes each of the component securities of the applicable index and which meets the following conditions (A) the quantity of each stock in the basket is proportional to its representation in the index, (B) the total market value of the basket is equal to the underlying index value of the index options or warrants to be covered, (C) the securities in the basket cannot be used to cover more than the number of index options or warrants represented by that value and (D) the securities in the basket shall be unavailable to support any other option or warrant transaction in the account.

(8) The term "cash equivalent" is as defined in Section 220.2 of Regulation T of the Board of Governors of the Federal Reserve System.

(9) The term "listed" for purposes of this Chapter 10 means a security traded on a registered national securities exchange or automated facility of a registered national securities association or issued and guaranteed by the Clearing Corporation and shall include OCC cleared OTC options contracts.

(10) The term "OTC margin bond" for purposes of this Chapter 10 means (A) any debt securities not traded on a national securities exchange that meet all of the following requirements (i) at the time of the original issue, a principal amount of not less than $25,000,000 of the issue was outstanding; (ii) the issue was registered under Section 5 of the Securities Act of 1933 and the issuer either files periodic reports pursuant to the Act or is an insurance company under Section 12(g)(2)(G) of the Act; or (iii) at the time of the extension of credit the creditor has a reasonable basis for believing that the issuer is not in default on interest or principal payments; or (B) any private pass-through securities (not guaranteed by a U.S. government agency) that meet all of the following requirements: (i) an aggregate principal amount of not less than $25,000,000 was issued pursuant to a registration statement filed with the Commission; and (ii) current reports relating to the issue have been filed with the Commission; and (iii) at the time of the credit extension, the creditor has a reasonable basis for believing that mortgage interest, principal payments and other distributions are being passed through as required and that the servicing agent is meeting its material obligations under the terms of the offering.

(11) The term "Investment Grade" in respect of any Corporate Debt Security, as that term is defined in Rule 4.30, means, if rated by only one nationally recognized statistical rating organization ("NRSRO"), is rated in one of the four highest generic rating categories; or if rated by more than one NRSRO, is rated in one of the four highest generic rating categories by all or a majority of such NRSROs; provided that if the NRSROs assign ratings that are evenly divided between (A) the four highest generic ratings and (B) ratings lower than the four highest generic ratings, the Exchange will classify the Corporate Debt Security as Non-Investment Grade.

(12) The term "Non-Investment Grade" in respect of any Corporate Debt Security, as that term is defined in Rule 4.30, means, if rated by only one NRSRO (as defined in Rule 10.3(a)(15)), is rated lower than one of the four highest generic rating categories; or if rated by more than one NRSRO, is rated lower than one of the four highest generic rating categories by all or a majority of such NRSROs.

(13) The term "Convertible" in respect of any Corporate Debt Security, as that term is defined in Rule 4.30, means, notwithstanding the classification of a Corporate Debt Security as Investment Grade or Non-Investment Grade, means any Corporate Debt Security that may be exchanged for shares of the issuer's common or preferred stock.

(14) The term "OTC option" as used with reference to a call or put option contract in this Chapter 10 means an over-the-counter option contract that is issued and guaranteed by the carrying broker-dealer and not traded on a national securities exchange or issued and guaranteed by the Clearing Corporation.

(b) *Customer Margin Accounts—General Rule*. Subject to the exceptions set forth in parts (c) and (k) hereof, the minimum amount of margin which must be maintained in margin accounts of customers having positions in securities shall be as follows:

(1) Long Positions. 25% of the current market value of all "long" in the account; plus

(2) Short Positions.

(A) $2.50 per share or 100% of the current market value, whichever amount is greater, of each security "short" in the account which has a current market value of less than $5.00 per share; plus

(B) $5.00 per share or 30% of the current market value, whichever amount is greater, of each security "short" in the account which has a current market value of $5 per share or more.

(C) Short Bonds. 5% of the principal amount or 30% of the current market value, whichever amount is greater, of each bond "short" in the account.

(c) *Customer Margin Account—Exception*. The foregoing requirements are subject to the following exceptions. Nothing in this paragraph (c) shall prevent a broker-dealer from requiring margin from any account in excess of the amounts specified in these provisions.

(1) *Exempted Securities*.

(A) *Obligations of the United States*. On net "long" or net "short" positions in obligations (including zero coupon bonds, i.e., bonds with coupons detached or non-interest bearing bonds) issued or guaranteed as to principal or interest by the United States Government or issued or guaranteed by corporations in which the United States has a direct or indirect interest as shall be designated for exemption by the Secretary of the Treasury, the margin to be maintained shall be the percentage of the current market value of such obligations as specified in the applicable category below:

(i)	Less than one year to maturity	1%
(ii)	One year but less than three years to maturity	2%
(iii)	Three years but less than five years to maturity	3%
(iv)	Five years but less than ten years to maturity	4%
(v)	Ten years but less than twenty years to maturity	5%
(vi)	Twenty years or more to maturity	6%

Notwithstanding the above, on zero coupon bonds with five years or more to maturity the margin to be maintained shall not be less than 3% of the principal amount of the obligation.

When such obligations other than United States Treasury bills are due to mature in thirty calendar days or less, a TPH organization, at its discretion, may permit the customer to substitute another such obligation for the maturing obligation to reduce the margin required on the new obligation, provided the customer has given the TPH organization irrevocable instructions to redeem the maturing obligations.

(B) *All Other Exempted Securities*. On any long position in an exempted security other than an obligation of the United States, the margin to be maintained shall be 15% of the current market value or 7% of the principal amount of such exempt security, whichever amount is greater.

(2) *Non-Convertible Debt Securities*. On any long position in a non-convertible debt security that is listed or that qualifies as an "OTC margin bond", the margin to be maintained shall be 20% of the current market value or 7% of the principal amount, whichever amount is greater.

(3) *Security Offset. Listed and OTC*.

(A) When a security (with the exception of options) carried in a long position is exchangeable or convertible within ninety days, without restriction other than the payment of money, into a security carried in a short position for the same customer, the minimum margin required on such positions shall be 10% of the current market value of the "long" securities. In determining such margin requirement short positions shall be marked to the market or to the amount of money payable upon such exchange or conversion, whichever is the greater.

(B) When an account has offsetting long and short positions in the same security, the minimum margin shall be 5% of the current market value of the "long" securities. In determining such margin requirements "short" positions shall be marked to the market.

(4) *Initial and Maintenance Margin Requirements on Long Options, Stock Index Warrants, Currency Index Warrants and Currency Warrants*. Options and warrants carried "long" in a customer's account shall be margined as follows:

(A) *Listed or OTC Options Expiring in 9 Months or Less*. In the case of any put or call option, stock index warrant, currency index warrant or currency warrant which expires in 9 months or less, initial margin must be deposited and maintained equal to at least 100% of the current market value of the option or warrant.

(B) *Listed Options and Warrants With An Expiration Exceeding 9 Months*. In the case of a listed put or call option on a stock or stock index, and a stock index warrant, expiring in more than 9 months, margin must be deposited and maintained equal to at least 75% of the current market value of the option or warrant.

(C) *OTC Options and Warrants With An Expiration Exceeding 9 Months*. In the case of an OTC put or call option on a stock or stock index, and a stock index warrant, expiring in more than 9 months, margin must be deposited and maintained equal to at least 75% of the option or warrant's in-the-money amount plus 100% of the amount, if any, by which the current market value of the option or warrant exceeds its in-the-money amount provided also that the option or warrant:

(i) is guaranteed by the carrying broker-dealer,

(iii) has an American style exercise provision and

(5) *Initial and Maintenance Margin Requirements on Short Options, Stock Index Warrants, Currency Index Warrants and Currency Warrants*.

(A) *Listed. General Rule*. The initial and maintenance margin required on any listed put, call, stock index warrant, currency index warrant or currency warrant carried "short" in a customer's account shall be 100% of the current market value of the option or warrant plus the percentage of the current "underlying component value" (as described in column IV of the table below) specified in column II of the table below reduced by any "out-of-the-money" amount as defined in this subparagraph (c)(5)(A) below.

Notwithstanding the margin required above, the minimum margin for each such call option or call warrant shall not be less than 100% of the current market value of the option or warrant plus the percentage of the current market value of the underlying component specified in column III of the table below, and for each such put option or put warrant, shall not be less than 100% of the current market value of the option or warrant plus the percentage of the option or warrant's aggregate exercise price amount specified in column III of the table below.

I. Type of Option	*II. Initial and/or Maintenance Margin Required*	*III. Minimum Margin Required*	*IV. Underlying Component Value*
1. Stock	20%	10%	The equivalent number of shares at current market prices.
2. Narrow based index as defined in Rule 4.11 and Micro Narrow-Based Index as defined in Rule 4.10(d)	20%	10%	The product of the current index group value and the applicable index multiplier.

3. Broad-based index (including Capped-style options (CAPS & QCAPS) Packaged Vertical Spreads and Packaged Butterfly Spreads) as defined in Rule 4.11	15% [1]	10% [2]	The product of the current index group value and the applicable index multiplier.
4. Corporate Debt Security, as defined in Rule 4.30	Investment Grade: 10% Non-Investment Grade: 15% Convertible: 20%	Investment Grade: 5% Non-Investment Grade: 10% Convertible: 10%	The aggregate contract value (current market value x 1000).
5. Interest Rate Contracts	10%	5%	The product of the index value and the applicable index multiplier.
6. U.S. Treasury bills - 95 days or less to maturity	.35%	1/2%	The underlying principal amount.
7. U.S. Treasury notes	3%	1/2%	The underlying principal amount.
8. U.S. Treasury bonds	3.5%	1/2%	The underlying principal amount.
9. Foreign Currency Options Warrants			The product of units per foreign currency contract and the closing spot price. [3]
Australian Dollar	4%	3/4%	
British Pound	4%	3/4%	
Canadian Dollar	4%	3/4%	
German Mark	4%	3/4%	

European Currency Unit	4%	3/4%	
French Franc	4%	3/4%	
Japanese Yen	4%	3/4%	
Swiss Franc	4%	3/4%	
10. Currency Index Warrants	3%	A percentage of the aggregate exercise price as specified by the Exchange and approved by the SEC	The product of the index value and the applicable index multiplier.
11. Stock Index Warrants (broad-based)	15%	10%	The product of the index value and the applicable index multiplier.
12. Stock Index Warrants (narrow-based)	20%	10%	The product of the index value and the applicable index multiplier.
13. Registered investment companies based on a broad-based index or portfolio of securities.	15%	10%	The equivalent number of shares at current market prices.
14. Registered investment companies based on a narrow-based index or portfolio of securities.	20%	10%	The equivalent number of shares at current market prices.
15. Volatility Indexes			The product of the current (spot or cash) index value and the applicable index multiplier

Cboe Volatility Index	20%	10%	
Cboe Russell 2000 Volatility Index	20%	10%	
Cboe Gold ETF Volatility Index	20%	10%	
Cboe Crude Oil ETF Volatility Index	20%	10%	
Cboe Emerging Markets ETF Volatility Index	20%	10%	
Cboe Brazil ETF Volatility Index	20%	10%	
Cboe Short-Term Volatility Index	40%	20%	
Other Volatility Indexes identified in Rules 4.13(a)(3) and 4.13(a)(4)	20%	10%	
16. Single Stock Dividend Options	20%	10%	The product of the forward expected dividend amount for the accrual period (as adjusted for any contract scaling factor) and the applicable multiplier.

[1] In any event, the maximum margin required on a capped style index option (CAPS and Q-CAPS), Packaged Vertical Spread and Packaged Butterfly Spread as defined in Rule 4.11 need not exceed the aggregate cap interval, vertical spread interval and butterfly spread interval, respectively. Cap interval, vertical spread interval and butterfly spread interval shall have the meanings defined in Rule 4.11.

[2] In respect of a capped-style index option, Packaged Vertical Spread and Packaged Butterfly Spread as defined in Rule 4.11 which is out-of-the-money, the minimum margin required is as

follows: CALLS - the lesser of a) 100% of the current market value of the option plus 10% of the underlying index value or b) the aggregate cap, vertical spread or butterfly spread interval, respectively, PUTS - the lesser of a) 100% of the current market value of the option plus 10% of the aggregate put exercise price or b) the aggregate cap, vertical spread or butterfly spread interval, respectively. Cap interval, vertical spread interval and butterfly spread interval shall have the meanings defined in Rule 4.11.

[3] The term "spot price" in respect of a currency warrant on a particular business day means the noon buying rate in U.S. dollars on such day in New York City for cable transfers of the particular underlying currency as certified for customs purposes by the Federal Reserve Bank of New York.

For purposes of this subparagraph (c)(5)(A), "out-of-the-money" amounts are determined as follows:

Option or Warrant Issue	***Call***	***Put***
Stock Options, Registered Investment Company Options	Any excess of the aggregate exercise price of the option over the current market value of the equivalent number of shares of the underlying security.	Any excess of the current market value of the equivalent number of shares of the underlying security over the aggregate exercise price of the option.
U.S. Treasury Options	Any excess of the aggregate exercise price of the option over the current market value of the underlying principal amount.	Any excess of the current market value of the underlying principal amount over the aggregate exercise price of the option.
Corporate Debt Security Options	Any excess of the aggregate exercise price of the option over the current market value of the equivalent quantity of the underlying security.	Any excess of the current market value of the equivalent quantity of the underlying security over the aggregate exercise price of the option.
Index stock options, Volatility Indexes options, currency index warrants and stock index warrants	Any excess of the aggregate exercise price of the option or warrant over the product of the current (spot or cash) index value and the applicable multiplier.	Any excess of the product of the current (spot or cash) index value and the applicable multiplier over the aggregate exercise price of the option or warrant.
Foreign currency options and warrants	Any excess of the aggregate exercise price of the option or warrant over the product of units per foreign currency	Any excess of the product of units per foreign currency contract and the closing spot

	contract and the closing spot prices.	prices over the aggregate price of the option or warrant.
Interest rate options	Any excess of the aggregate exercise price of the option over the product of the current interest rate measure value and the applicable multiplier.	Any excess of the product of the current interest rate measure value and the applicable multiplier over the aggregate exercise price of the option.

(B) *OTC Options. General Rule*. The initial and maintenance margin required on any put, call, stock index warrant, currency index warrant, or currency warrant that is not listed and carried "short" in a customer's account shall be any in-the-money amount plus the percentage of the current "underlying component value" (as described in column IV of the table below) specified in column II of the table below reduced by any "out-of-the- money" amount (as defined in subparagraph (c)(5)(A) above).

Notwithstanding the margin required above, the minimum margin for each such call option or call warrant shall not be less than the percentage of the current value of the underlying component specified in column III of the table below, and for each such put option or put warrant, shall not be less than the percentage of the option's or the warrant's aggregate exercise price amount specified in column III of the table below.

I. Type of Option	***II. Initial and/or Maintenance Margin Required***	***III. Minimum Margin Required***	***IV. Underlying Aggregate Value***
1. Stock and Convertible Corporate Debt.	30%	10%	The equivalent number of shares times current market price per share for stocks or the underlying principal amount for convertible corporate debt securities.
2. Narrow-based index and Micro Narrow-Based index as defined in Rule 4.10(d)	30%	10%	The product of the current index value and the applicable index multiplier.

3. Broad-based index	20%	10%	The product of the current index value and the applicable index multiplier.
4. U.S. Government or U.S. Government Agency debt securities other than those exempted by Rule 3a 12-7 under the Securities Exchange Act of 1934 [1]	5%	3%	The underlying principal amount.
5. Corporate debt securities registered on a national securities exchange and marginable OTC corporate debt securities as defined in paragraph 10.3(a) [2]	15%	5%	The underlying principal amount.
6. All other OTC options not covered above	45%	20%	The current value of the underlying principal amount.

[1] Option contracts under category (4) must be for a principal amount of not less than $500,000. If the principal amount is less than $500,000, category (6) will apply.

[2] Option transactions on all other OTC margin bonds as defined in paragraph 10.3(a) are not eligible for the margin requirements contained in this provision. Margin requirements for such securities are to be computed pursuant to category (6).

For the purpose of this subparagraph (c)(5)(B), "in-the-money amounts" are determined as follows:

Option Issue	***Call***	***Put***
Stock Options	Any excess of the current market value of the equivalent number of shares of the underlying security over the	Any excess of the aggregate exercise price of the option over the current market value of the equivalent number of

	aggregate exercise price of the option.	shares of the underlying security.
Index options	Any excess of the product of the current index value and the applicable multiplier over the aggregate exercise price of the option.	Any excess of the aggregate exercise price of the option over the product of the current index value and the applicable multiplier.
U.S. Government mortgaged related or corporate debt securities options	Any excess of the current value of the underlying principal amount over the aggregate exercise price of the option.	Any excess of the aggregate exercise price of the option over the current value of the underlying principal amount.

(C) *Related Securities Positions—Listed or OTC Options*. Unless otherwise specified, margin must be deposited and maintained in the following amounts for each of the following types of positions.

(i) *Short Call Covered by a Convertible Security*. No margin is required for a call option written on an equity security when the account holds a net "long" position in any security, other than a warrant, which can be immediately exchanged or converted without restriction (including the payment of money) into an equal or greater quantity of the security underlying the option provided (a) such net long position is adequately margined in accordance with this Rule and (b) the right to exchange or convert the net "long" position does not expire before the short call.

(ii) *Short Listed Call Covered by a Warrant*. No margin is required for a call option written on an equity security when the account holds a net "long" position in a warrant which can be immediately exercised without restriction to purchase an equal or greater quantity of the security underlying the option provided that the warrant does not expire before the short call, and provided that the amount (if any) by which the exercise price of the warrant exceeds the exercise price of the short call is held in or deposited to the account. A warrant used in lieu of the required margin under this provision shall contribute no equity to the account.

(iii) *Covered Calls/Covered Puts*.

(a) No margin is required for a call (put) option contract or warrant carried in a short position where there is carried in the same account a long (short) position in equivalent units of the underlying security.

(b) No margin is required for a call (put) index option contract or warrant carried in a short position where there is carried in the same account a long (short) position in an (1) underlying stock basket, (2) index mutual fund, (3) IPR, or (4) IPS, that is based on the same index underlying the index option or warrant and having a market value at least equal to the aggregate current index value.

(c) In order for the exceptions in subparagraphs (a) and (b) above to apply, in computing margin on positions in the underlying security, underlying stock basket, index mutual fund, IPR or IPS, as applicable, (1) in the case of a call, the current market value to be used shall not be greater than the exercise price, and (2) in the case of a put, margin shall be the amount required by subparagraph (b)(2) of this Rule, plus the amount, if any, by which the exercise price exceeds the current market value.

(iv) *Exceptions*. The following paragraphs set forth the minimum amount of margin which must be maintained in margin accounts of customers having positions in components underlying options, stock index warrants, currency index warrants or currency warrant when such components are held in conjunction with certain positions in the overlying option or warrant. In respect of an option or warrant on a market index, an underlying stock basket is an eligible underlying component. The option or warrant must be listed or guaranteed by the carrying broker dealer. In the case of a call option or warrant carried in a short position, a related long position in the underlying component shall be valued at no more than the call option / warrant exercise price for margin equity purposes.

(a) *Long Option Offset*. When a component underlying an option or warrant is carried long (short) in an account in which there is also carried a long put (call) option or warrant specifying equivalent units of the underlying component, the minimum amount of margin which must be maintained on the underlying component is 10% of the option / warrant exercise price plus the out-of-the-money amount not to exceed the minimum maintenance required pursuant to paragraph (b) of this Rule.

(b) *Conversion*. When a call option or warrant carried in a short position is covered by a long position in equivalent units of the underlying component and there is also carried a long put option or warrant specifying equivalent units of the same underlying component and having the same exercise price and expiration date as the short call option or warrant, the minimum amount of margin which must be maintained for the underlying component shall be 10% of the exercise price.

(c) *Reverse Conversion*. When a put option or warrant carried in a short position is covered by a short position in equivalent units of the underlying component and there is also carried a long call option or warrant specifying equivalent units of the same underlying component and having the same exercise price and expiration date as the short put option or warrant, the minimum amount of margin which must be maintained for the underlying component shall be 10% of the exercise price plus the amount by which the exercise price of the put exceeds the current market value of the underlying, if any.

(d) *Collar*. When a call option or warrant carried in a short position is covered by a long position in equivalent units of the underlying component and there is also carried a long put option or warrant specifying equivalent units of the same underlying component and having a lower exercise price than, and same expiration date as, the short call option / warrant, the minimum amount of margin which must be maintained for the underlying component shall be the lesser of 10% of the exercise price of the put plus the put out-of- the-money amount or 25% of the call exercise price.

(v) *Spreads*.

(a) For spreads as defined in subparagraph (a)(5) of this Rule, the long options must be paid for in full. In addition, margin is required equal to the lesser of the amount required for the short option(s) by subparagraph (c)(5)(A) or (B), whichever is applicable, or the spread's maximum potential loss, if any. To determine the spread's maximum potential loss, first compute the intrinsic value of the options at price points for the underlying security or instrument that are set to correspond to every exercise price present in the spread. Then, net the intrinsic values at each price point. The maximum potential loss is the greatest loss, if any, from among the results. The proceeds for establishing the short options may be applied toward the cost of the long options and/or any margin requirement.

A spread involving a put (call) warrant combined with a put(call) option is permitted provided the spread conforms with the definition of a spread in subparagraph (a)(5) of this rule.

(b) Subparagraph (c)(5)(C)(v)(a) above is not applicable to spreads involving Credit Options, Binary Options or Range Options. However, in respect of spreads involving Range Options, subparagraph (c)(5)(C)(v)(a) above may be applied to pseudo positions in individual option series represented by each Range Option to derive a margin requirement provided that all Range Options expire at the same time, which margin requirement is

subject to a maximum of the amount required by paragraph (n) of this Rule 10.3 for all Range Options.

(c) Capped-Style Index Option (CAPS & Q-CAPS), Packaged Vertical Spread and Packaged Butterfly Spread As Defined In Rule 4.11.

(1) The requirements set forth in subparagraph (c)(5)(C)(v)(a) above apply to spreads composed of either CAPS, Q-CAPS, Packaged Vertical Spread or Packaged Butterfly Spread options provided the long and short option each have the same cap, vertical spread or butterfly spread interval (as applicable); except that the amount of margin required for a spread in CAPS, Q-CAPS or Packaged Vertical Spread options need not exceed the lesser of (A) any maximum potential loss as computed in accordance with subparagraph (c)(5)(C)(v)(a) above or (B) the cap, vertical spread or butterfly spread interval (as applicable). Cap interval, vertical spread interval and butterfly spread interval shall have the meanings defined in Rule 4.11.

(2) In respect of a short CAPS, Q-CAPS or Packaged Vertical Spread option offset by a long option that is not also a CAPS, Q-CAPS or Packaged Vertical Spread option, the amount of margin required is as set forth in subparagraph (c)(5)(C)(v)(a) above; except that the amount of margin required need not exceed the lesser of (A) any maximum potential loss as computed in accordance with subparagraph (c)(5)(C)(v)(a) above or (B) the cap, vertical spread or butterfly spread interval (as applicable).

(3) In respect of a long CAPS, Q-CAPS or Packaged Vertical Spread option which offsets a short option that is not also a CAPS, Q-CAPS or Packaged Vertical Spread option, each position must be margined separately in accordance with the applicable requirements of this Rule 10.3.

(4) In respect of any Packaged Butterfly Spread Option offset by, or which offsets, any option position that is not also a Packaged Butterfly Spread option, each position must be margined separately in accordance with the applicable requirements of this Rule 10.3.

(vi) *Straddle/Combination*.

(a) *Listed Options*. When a call option contract is carried in a short position, and there is carried for the same customer a short put option

contract specifying the same underlying component or index and its aggregate current underlying value, the amount of margin required shall be the margin on the put or the call, whichever is greater, as required pursuant to subparagraph (c)(5)(A) above plus the current market value of the other option.

(b) *OTC Options*. When a call option contract is carried in a short position and there is carried for the same customer a short put option contract specifying the same underlying component or index and its aggregate value, the amount of margin required shall be the margin on the put or call, whichever is greater, as required pursuant to subparagraph (c)(5)(B) above, plus any unrealized loss (i.e., the "in-the-money amount") on the other option provided that both the put and call are guaranteed by the carrying broker-dealer. In the event either the put or call is not guaranteed by the carrying broker-dealer, but is listed, the same requirement applies. If either or both the put or call are not guaranteed by the carrying broker dealer or listed, then the put and call must be margined separately pursuant to subparagraph (c)(5)(A) or (B) above, whichever is applicable, except that the minimum margin shall not apply to the option with the lower requirement.

(c) Straddles and combinations involving stock index warrants, currency index warrants and currency warrants are subject to the same requirement set forth in subparagraphs (c)(5)(C)(vi)(a) or (b) above, whichever is applicable. Options may be paired with warrants provided they have the same underlying component or index and equivalent aggregate current underlying value.

(viii) *Long Box Spread in European-Style Options*. In respect of a long box spread as defined in subparagraph (a)(10) of this Rule, in which all component options have a European- style exercise provision and are listed or guaranteed by the carrying broker-dealer; margin must be deposited equal to at least 50% of the aggregate difference in the exercise prices. The net proceeds from the sale of short option components may be applied to the requirement. For margin purposes, the long box spread may be valued at an amount not to exceed 100% of the aggregate difference in the exercise prices.

(vii) *Vested Employee Options*. No margin is required for a call option written on an equity security when an account holder possesses a "long" position in a vested employee stock option which can be immediately exercised without restriction (not including the payment of money) to purchase an equal or greater quantity of the security underlying the short call provided that:

(a) The vested employee stock option does not expire before the short call;

(b) The amount (if any) by which the exercise price of the vested employee stock option exceeds the exercise price of the short call is held in or deposited to the account; and

(c) The account holder, broker-dealer and issuer of the vested employee stock option complete such account documentation and comply with such terms and conditions proscribed by the Exchange in such form, format and procedures as may be established by the Exchange from time to time, including without limitation execution of an agreement by account holder, broker-dealer and issuer that requires:

(1) Account holder to pledge the vested employee stock options to broker-dealer (including any agreement that in the event account holder exercises any of the pledged vested employee stock options during the term of a transaction, the account holder will be required to pledge to broker-dealer the shares issued upon exercise to replace the vested employee stock options that were pledged before exercise);

(2) Account holder to provide broker-dealer with an irrevocable power-of-attorney authorizing broker-dealer to exercise the vested employee stock options on the account holder's behalf;

(3) Issuer to promptly deliver the stock upon payment or receipt of the exercise notice from broker-dealer; and

(4) Issuer to waive any transfer restrictions that would preclude a pledge of the vested employee stock options to broker-dealer. In addition, the issuer will represent that the vested employee options are covered by an effective registration statement on Form S-8. If the registration statement becomes ineffective the issuer will notify the broker- dealer immediately.

(d) *Customer Cash Account—Short Options, Stock Index Warrants, Currency Index Warrants and Currency Warrants*.

(1) *Equity Options*.

(A) *Calls*. A call option contract carried in a short position is deemed a covered position, and eligible for the cash account, provided any one of the following offsets is applicable:

(i) an equal or greater quantity of the underlying security specified by the option contract is held in or purchased for the account on the same day the call is written provided the option premium is held in the account until full cash payment for the underlying security is received,

(ii) a security immediately convertible without the payment of money into an equal or greater quantity of the underlying security specified by the option contract, is held in, or purchased for the account on the same day the call is written, provided that:

(a) the option premium is held in the account until full cash payment for the convertible security is received, and

(b) the ability to convert does not expire before the expiration of the short call, or

(iii) in lieu of the underlying security, an escrow agreement is either held in the account at the time the call is written or is received in the account promptly thereafter.

The escrow agreement must certify that the bank holds for the account of the customer as security for the agreement, the underlying security (or a security immediately convertible into the underlying security without the payment of money) and that the bank will promptly deliver to the TPH organization the underlying security in the event the account is assigned an exercise notice.

(B) *Puts*. A put option contract carried in a short position is deemed a covered position, and eligible for the cash account, provided any one of the following offsets is either held in the account at the time the put is written or is received into the account promptly thereafter:

(i) cash or cash equivalents in an amount not less than the aggregate exercise price, or

(ii) an escrow agreement.

The escrow agreement must certify that (a) the bank holds for the account of the customer as security for the agreement cash, cash equivalents or a combination thereof having an aggregate market value at the time the option is written of not less than 100% of the aggregate exercise price amount and (b) that the bank will promptly pay the TPH organization the aggregate exercise price in the event the account is assigned an exercise notice.

(2) *Index Options*.

(A) *Calls*. A call option contract on a market index carried in a short position is deemed a covered position, and eligible for the cash account provided any one of the following offsets is applicable:

(i) an underlying stock basket as defined in Rule 10.1 is held in or purchased for the account on the same day the call is written provided the option premium is held in the account until full cash payment for the stock basket is received, or

(ii) an escrow agreement is either held in the account at the time the call is written or received into the account promptly thereafter.

The escrow agreement must certify that the bank holds for the account of the customer as security for the agreement (a) cash, (b) cash equivalents, (c) one or more qualified equity securities, or (d) a combination thereof having an aggregate market value at the time the option is written of not less than 100% of the aggregate current index value and that the bank will promptly pay the TPH organization the exercise settlement amount in the event the account is assigned an exercise notice.

(B) *Puts*. A put option contract on a market index carried in a short position is deemed a covered position and eligible for the cash account provided any one of the following is either held in the account at the time the put is written or received into the account promptly thereafter:

(i) cash or cash equivalents in an amount not less than the aggregate exercise price or

(ii) an escrow agreement.

The escrow agreement must certify that the bank holds for the account of the customer as security for the agreement (a) cash, (b) cash equivalents or (c) a combination thereof having an aggregate market value at the time the option is written of not less than 100% of the aggregate exercise price amount and that the bank will promptly pay the TPH organization the exercise settlement amount in the event the account is assigned an exercise notice.

(C) No margin is required in respect of a call option contract on a Standard and Poor's 500 (S&P 500) market index carried in a short position where there is carried for the same account a long position in the underlying open-end index mutual fund (which shall be specifically designated by the Exchange) having an aggregate market value at least equal to the underlying value of the S&P 500 contracts to be covered.

(3) *Corporate Debt Security Options*.

(A) *Calls*. A call option contract carried in a short position is deemed a covered position, and eligible for the cash account, provided any one of the following offsets is applicable:

(i) an equal or greater quantity of the underlying security specified by the option contract is held in or purchased for the account on the same day the call is written provided the option premium is held in the account until full cash payment for the underlying security is received, or

(ii) in lieu of the underlying security, an escrow agreement is either held in the account at the time the call is written or is received in the account promptly thereafter.

The escrow agreement must certify that the bank holds for the account of the customer as security for the agreement, the underlying security (or, in the event the bond is called, cash equal to any aggregate in-the-money amount based upon the exercise settlement price of the bond as set by The Options Clearing Corporation) and that the bank will promptly deliver to the TPH organization the underlying security, or any aggregate in-the-money amount if the bond has been called, in the event the account is assigned an exercise notice.

(B) *Puts*. A put option contract carried in a short position is deemed a covered position, and eligible for the cash account, provided any one of the following offsets is either held in the account at the time the put is written or is received into the account promptly thereafter:

(i) cash or cash equivalents in an amount not less than the aggregate exercise price, or

(ii) an escrow agreement.

The escrow agreement must certify that (1) the bank holds for the account of the customer as security for the agreement cash, cash equivalents or a combination thereof having an aggregate market value at the time the option is written of not less than 100% of the aggregate exercise price amount and (2) that the bank will promptly pay the TPH organization the aggregate exercise price in the event the account is assigned an exercise notice.

(4) *Capped-Style Index Option (CAPS & Q-CAPS), Packaged Vertical Spread or Packaged Butterfly Spread As Defined in Rule 4.11*. A CAPS, Q-CAPS or Packaged Vertical Spread put or call option contract, or Packaged Butterfly Spread option contract, carried in a short position is deemed a covered position and eligible for the cash account provided any one of the following is either held in the account at the time the CAPS, Q-CAPS, Packaged Vertical Spread or Packaged Butterfly Spread option contract is written or received into the account promptly thereafter:

(A) cash or cash equivalents of not less than the amount of the aggregate cap, vertical spread or butterfly spread interval (as applicable) as defined in Rule 4.11 or

(B) an escrow agreement.

The escrow agreement must certify that the bank holds for the account of the customer as security for the agreement (a) cash, (b) cash equivalents or (c) a combination thereof having an aggregate market value at the time the positions are established of not less than the aggregate cap interval, vertical spread interval or butterfly spread interval (as applicable) and that the bank will promptly pay the TPH organization such amount in the event the account is assigned an exercise notice. Cap interval, vertical spread interval and butterfly spread interval shall have the meanings defined in Rule 4.11.

(5) *Stock Index Warrants and Currency Index Warrants*.

(A) *Calls*. A call warrant on a market index carried in a short position is deemed a covered position and eligible for the cash account provided an escrow agreement is either held in the account at the time the call warrant is sold or received into the account promptly thereafter.

The escrow agreement must certify that the bank holds for the account of the customer as security for the agreement (i) cash, (ii) cash equivalents, (iii) one or more qualified equity securities, or (iv) a combination thereof having an aggregate market value at the time the warrant is sold of not less than 100% of the aggregate current index value; and that the bank will promptly pay the TPH organization funds sufficient to purchase the warrant sold short in the event of a buy-in.

(B) *Puts*. A put warrant on a market index carried in a short position is deemed a covered position and eligible for the cash account provided any one of the following offsets is either held in the account at the time the put warrant is sold or received into the account promptly thereafter:

(i) cash or cash equivalents in an amount not less than the aggregate exercise price or

(ii) an escrow agreement.

The escrow agreement must certify that the bank holds for the account of the customer as security for the agreement (a) cash (b) cash equivalents or (c) a combination thereof having an aggregate market value at the time the warrant is sold of not less than 100% of the aggregate exercise price, and that the bank will promptly pay the TPH organization funds sufficient to purchase the warrant sold short in the event of a buy- in.

(e) *Customer Cash Account—Spreads*. A spread as defined in subparagraph (a)(5) of this Rule, if composed of European-style cash-settled index options that expire at the same time, is deemed a

covered position, and eligible for the cash account, provided the long option component(s) is(are) held in or purchased for the account on the same day as the short component(s) and provided:

(1) either there is held in the account at the time the positions are established or received into the account promptly:

(A) cash or cash equivalents of not less than the amount required by subparagraph (c)(5)(C)(v)(a), to which requirement the net proceeds from the sale of the short position(s) may be applied or

(B) an escrow agreement.

The escrow agreement must certify that the bank holds for the account of the customer as security for the agreement (a) cash, (b) cash equivalents or (c) a combination thereof having an aggregate market value at the time the positions are established of not less than the amount required by subparagraph (c)(5)(C)(v)(a) of this Rule and that the bank will promptly pay the TPH organization such amount in the event the account is assigned an exercise notice or that the bank will promptly pay the TPH organization funds sufficient to purchase a warrant sold short in the event of a buy-in.

(2) The provisions of subparagraph (e)(1) are also applicable to put and call warrants. A long warrant and a short option contract or a long option contract and a short warrant are eligible for the provisions of subparagraph (e)(1) if they qualify as spreads as defined in subparagraph (a)(5) of this Rule.

(f) *Market-Maker and specialist accounts*.

(1) *Definitions*. For purposes of this section (f), the following terms shall have the meanings specified below.

(A) The term "related instrument" within an option class or product group means any related derivative product, including security futures contracts, that meets the offset level requirements for product groups under Rule 15c3-1 of the Exchange Act, or any applicable SEC staff interpretations or no-action positions (hereinafter referred to as SEC Rule 15c3-1).

(B) The term "product group" means two or more option classes, related instruments, and qualified stock baskets for which it has been determined that a percentage of offsetting profits may be applied to losses in the determination of net capital as set forth in SEC Rule 15c3-1.

(C) The term "option class" refers to all option contracts covering the same underlying instrument.

(D) The term "underlying instrument" refers to long and short positions covering the same security, or a security which is exchangeable for or convertible into the underlying security within a period of 90 days. The term underlying instrument

shall not be deemed to include securities options, futures contracts, options on futures contracts, security futures contracts, qualified stock baskets, or unlisted instruments.

(E) The term "qualified stock basket" shall have the meaning as defined in SEC Rule 15c3- 1.

(F) The term "net liquidating equity" shall mean the sum of positive cash balances and long securities positions less negative cash balances and short securities positions held in the accounts.

(2) The following positions of Trading Permit Holders may be carried upon a margin basis that is satisfactory to the Trading Permit Holder and the carrying broker or dealer:

(A) positions in which the Trading Permit Holder makes a market and permitted offset transactions as defined below and

(B) positions in security futures contracts that qualify for exclusion from the margin requirements of SEC and Commodity Futures Trading Commission ("CFTC") regulations pursuant to SEC Rule 400(c)(2)(v) under the Exchange Act and CFTC Rule 41.42(c)(2) (v), and any permitted offset transactions designated by the exchange or association upon which the Trading Permit Holder trades the security futures contract.

Notwithstanding the other provisions of this paragraph (f), a TPH organization may clear and carry the Market-Maker permitted offset positions of one or more registered specialists, registered Market-Makers, or Designated Primary Market-Makers pursuant to the rules of a national securities exchange (all of which are deemed specialists for all purposes under the Exchange Act) (hereinafter referred to as "Market-Maker(s)") upon a margin basis satisfactory to the concerned parties. The amount of any deficiency between the equity maintained by the Market-Maker and the haircuts specified in SEC Rule 15c3-1 shall be considered as a deduction from net worth in the net capital computation of the carrying broker or dealer.

(3) *Permitted Offset Transactions*.

(A) For purposes of this subparagraph (f)(3), a permitted offset position means, in the case of an option in which a market-maker makes a market, a position in the underlying instrument or other related instrument, and in the case of other securities in which a market-maker makes a market, a position in options overlying the securities in which a market-maker makes a market, if the account holds the following permitted offset positions:

(i) A long position in the underlying instrument or security futures contract offset by a short option position;

(ii) A short position in the underlying instrument or security futures contract offset by a long option position;

(iv) A stock position resulting from the assignment of a Market-Maker short option position or delivery in respect of a short security futures contract;

(v) A stock position resulting from the exercise of a Market-Maker long option position or taking delivery in respect of a long security futures contract;

(vi) A net long position in a security (other than an option) in which a Market-Maker makes a market;

(vii) A net short position in a security (other than an option) in which the Market-Maker makes a market; or

(viii) An offset position as defined in SEC Rule 15c3-1, including its appendices, or any applicable SEC staff interpretation or no-action position.

Permitted offset transactions must be effected for market-making purposes such as hedging, risk reduction, rebalancing of positions, liquidation, or accommodation of customer orders, or other similar Market-Maker purpose. The options Market-Maker must be able to demonstrate compliance with this provision.

For purposes of this subparagraph (f)(3), the term "overlying option" means a put option purchased or a call option written against a long position in an underlying instrument, or a call option purchased or a put option written against a short position in an underlying instrument.

(4) For any Trading Permit Holder which acts as a Market-Maker on the Exchange, the carrying TPH organization may combine all Market-Maker accounts in which the Market-Maker or its nominee(s) participates, with the exception of joint accounts in which the Market-Maker or its nominee are not the sole participants, for purpose of computing its requirements as prescribed by SEC Rule 15c3-1.

(5) On any business day on which positive net liquidating equity is not maintained in the account(s), the carrying TPH organization must make a call to the Trading Permit Holder for additional equity at least equal to the deficit and must notify the Exchange's Department of Financial Compliance of the deficit. The carrying TPH organization may extend no further credit in the account(s) until the account(s) maintains a positive net liquidating equity and, if the TPH organization's call for additional equity is not met, steps should be taken promptly to liquidate the positions in the account(s). If the deficit is not resolved by noon of the following business day the carrying TPH organization must send telegraphic notice to the Exchange as well as the regional and national offices of the Securities and Exchange Commission. However, nothing in this subparagraph (f)(5) shall prohibit the carrying firm from effecting hedging transactions in the deficit account with the prior written approval of the carrying firm's DEA.

(6) In the case of a joint account carried by a TPH organization for a Market-Maker or specialist in which the TPH organization participates, the margin deposited by the other participants may be in any amount which is mutually satisfactory.

(g) *Broker-Dealer Account*. A TPH organization may carry the proprietary account of another broker-dealer, which is registered with the SEC, upon a margin basis which is satisfactory to both parties, provided the requirements of Regulation T of the Board of Governors of the Federal Reserve System and, in respect of security futures contracts, SEC Rules 400 through 406 under the Exchange Act and CFTC Rules 41.42 through 41.48 are adhered to and the account is not carried in a deficit equity condition. The amount of any deficiency between the equity maintained in the account and the haircut requirements calculated pursuant to Rule 15c3-1 (Net Capital) of the Exchange Act shall be deducted in computing the Net Capital of the TPH organization under Rule 15c3-1 of the Exchange Act.

(1) *Requirements for Joint Back Office Participants*. A TPH organization may carry the accounts of joint back office ("JBO") participants upon a margin basis which is satisfactory to both parties, provided the requirements of Regulation T Section 220.7 and Cboe Options Rule 11.4 are adhered to and the account has a minimum equity of not less than $1,000,000. If equity is below $1,000,000 the carrying organization must issue a call for additional funds or securities which shall be obtained within five business days.

(h) Notwithstanding any provisions of paragraphs (b) through (g) and (k) hereof, the Exchange may at any time impose higher margin requirements in respect of positions in any security (including any series of options dealt in on an exchange) when it deems such higher margin requirements to be advisable in light of the price of the security or in light of existing market conditions pertaining generally or with respect to such security.

(i) For the purpose of effecting new securities transactions and commitments, the customer shall be required to deposit margin or have equity in cash and/or securities in the account which shall be at least the greater of:

(1) the amount specified in Regulation T of the Board of Governors of the Federal Reserve System and, in respect of security futures contracts, SEC Rules 400 through 406 under the Exchange Act and CFTC Rules 41.42 through 41.48, or

(2) the amount specified in paragraphs (b), (c) and (k) of this Rule, or

(3) such greater amount as the Exchange may from time to time require for specific securities, or

(4) equity of at least $2,000 except that cash need not be deposited in excess of the cost of any security purchased (this equity and cost of purchase provision shall not apply to "when distributed" securities in a cash account). The minimum equity requirement for a "pattern day trader" is $25,000 pursuant to Rule 10.3(j)(4).

Withdrawals of cash or securities may be made from any account which has a debit balance, "short" position or commitments, provided the account is in compliance with Regulation T of the Board of Governors of the Federal Reserve System and the security futures contract margin requirements pursuant to SEC Rules 400 through 406 under the Exchange Act and CFTC Rules 41.42 through 41.48, and after such withdrawal the equity in the account is at least the greater of $2,000 ($25,000 in the case of "pattern day traders") or an amount sufficient to meet the maintenance margin requirements of this Rule.

(j) *Day Trading*.

(1) The term "day trading" means the purchasing and selling, or the selling and purchasing, of the same security on the same day in a margin account except for:

(A) a long security position held overnight and sold the next day prior to any new purchases of the same security, or

(B) a short security position held overnight and purchased the next day prior to any new sales of the same security.

(2) The term "pattern day trader" means any customer who executes four (4) or more day trades within five (5) business days. However, if the number of day trades is 6% or less of total trades for the five (5) business day period, the customer will no longer be considered a pattern day trader and the special requirements under paragraph 10.3(j)(4) of this Rule will not apply.

(3) The term "day trading buying power" means the equity in a customer's account at the close of business of the previous day, less any maintenance margin requirement as prescribed in paragraph (b) of this Rule, multiplied by four (4), for equity securities.

Whenever day trading occurs in a customer's margin account, the special maintenance margin required for the day trades in equity securities shall be 25% of the cost of all the day trades made during the day. For non-equity securities, the special maintenance margin shall be as required pursuant to the other provisions of this Rule. Alternatively, when two or more day trades occur on the same day in the same customer's account, the margin required may be computed utilizing the highest (dollar amount) open position during that day. To utilize the highest open position computation method, a record showing the "time and tick" of each trade must be maintained to document the sequence in which each day trade was completed.

(4) *Special Requirements for Pattern Day Traders*.

(A) *Minimum Equity Requirement for Pattern Day Traders*. The minimum equity required for the accounts of customers deemed to be pattern day traders shall be $25,000. This minimum equity must be maintained in the customer's account at all times (see Interpretations and Policies .13 and .14 of this Rule).

(B) Pattern day traders cannot trade in excess of their day trading buying power as defined in paragraph (j)(3) above. In the event a pattern day trader exceeds its day trading buying power, which creates a special maintenance margin deficiency, the following actions will be taken by the TPH organization:

(i) The account will be margined based on the cost of all the day trades made during the day, and

(ii) The customer's day trading buying power will be limited to the equity in the customer's account at the close of business of the previous day, less

the maintenance margin required in paragraph (b) of this Rule, multiplied by two, for equity securities.

(C) Pattern day traders who fail to meet their special maintenance margin calls as required within five (5) business days from the date the margin deficiency occurs will be permitted to execute transactions only on a cash available basis for 90 days or until the special maintenance margin call is met.

(D) Pattern day traders are restricted from utilizing the guaranteed account provision under Rule 10.7 for meeting the requirements of this Rule 10.3(j).

(E) Funds, deposited into a pattern day trader's account to meet the minimum equity or maintenance margin requirements of this Rule 10.3(j), cannot be withdrawn for a minimum of two (2) business days following the close of business on the day of deposit.

(5) When the equity in a customer's account, after giving consideration to the other provisions of this Rule, is not sufficient to meet the requirements of Rule 10.3(j), additional cash or securities must be received into the account to meet any deficiency within five (5) business days of the trade date.

In addition, on the sixth business day only, TPH organizations are required to deduct from net capital the amount of unmet maintenance margin calls pursuant to SEC Rule 15c3-1.

(k) *Security Futures Contracts*. Nothing in this paragraph (k) or other rules of this Chapter 10 shall be applicable to security futures contract transactions and positions in a futures account.

(1) *General Rule*. In relation to security futures contracts, no TPH organization may effect a transaction or carry an account for a customer, whether a Trading Permit Holder or non-Trading Permit Holder, without proper and adequate margin in accordance with this Chapter 10, all other applicable rules of the Exchange, SEC Rules 400 through 406 under the Exchange Act and CFTC Rules 41.42 through 41.48. No transaction in a security futures contract may be effected, nor may a position in a security futures contract be carried, in a securities cash account.

(2) *Time Allowed for Obtaining Margin*. If initial or maintenance margin owed is not obtained prior to the day on which the account is deemed undermargined for purposes of SEC Rule 15c3-1(c)(2)(xii), TPH organizations must comply with the provisions of paragraph (k)(3) below. Extensions of time shall be unavailable.

(3) *Net Capital*. In computing its net capital, a TPH organization shall deduct any initial or maintenance margin deficiency attributable to security futures contracts in accordance with the undermargined account provision of SEC Rule 15c3-1(c)(2)(xii).

(4) *Day Trading*. Day trading rules shall not be applicable to security futures contracts.

(5) *Definitions*. For the purposes of this paragraph (k), the following terms shall have the meanings specified below.

(A) The term "security futures contract" means a "security future" as defined in Section 3(a)(55) of Exchange Act.

(B) The term "current market value", with respect to security futures contracts, means "current market value" as defined in SEC Rule 401(4)(i)(A) or 4(i)(B), whichever is applicable, under the Exchange Act and CFTC Rule 41.43(4)(i)(A) or (4)(i)(B), whichever is applicable.

(C) The term "underlying security" means, in the case of physically settled security futures contracts, the security that is delivered upon expiration of the contract, and, in the case of cash settled security futures contracts, the security or securities index the price or level of which determines the final settlement price for the security futures contract upon its expiration. The term "underlying security" also means, in the case of a securities index, an underlying stock basket, or equivalent units of a registered investment company meeting the criteria set forth in Cboe Options Rule 4.3 and the Interpretations and Policies thereunder.

(D) The term "underlying basket" means, in the case of a securities index, a group of securities futures contracts where the underlying securities as defined in paragraph (C) above include each of the component securities of the applicable index and which meets the following conditions (i) the quantity of each underlying security is proportional to its representation in the index, (ii) the total market value of the underlying securities is equal to the aggregate value of the applicable index, (iii) the basket cannot be used to offset more than the number of contracts or warrants represented by its total market value, and (iv) the security futures contracts shall be unavailable to support any other contract or warrant transaction in the account.

(6) *Exceptions*. For the offsetting positions specified in the table below, TPH organizations may apply the corresponding initial and maintenance margin requirement minimums, notwithstanding the margin required on a security futures contract pursuant to paragraph (k)(1) above, or on other securities pursuant to paragraphs (b) and (c) of this Rule.

All options referred to mean options on the underlying security, not the security futures contract.

All requirements that are expressed in terms of an option's exercise price, in-the-money amount, and out-of-the-money amount mean the aggregate amount (i.e., multiply by number of shares per contract or the contract multiplier).

	SECURITY FUTURES CONTRACT TYPE	***MARGIN ACCOUNT INITIAL REQUIREMENT***	***MARGIN ACCOUNT MAINTENANCE REQUIREMENT***
	Single Stock, Narrow-Based Index	5% of the current market value of the	Same as initial.

Long and Short Security Futures Contract same underlying different expiration months same or different market(s)		long or short security futures contract, whichever is greater.	
	Single Stocks vs. Narrow-Based Index 1	5% of the current market value of the long or short security futures contract(s), whichever is greater.	Same as initial.
Long and Short Security Futures Contract same underlying same expiration month different markets 2	Single Stock, Narrow-Based Index	3% of the current market value of the long or short security futures contract, whichever is greater.	Same as initial.
Long Security Futures Contract and Short Underlying same underlying	Single Stock	None required on long security futures contract. Short sale proceeds plus 50% requirement on short stock position.	None required on long security futures contract. Short stock requirement is 105% of stock market value.
	Narrow-Based Index	None required on long security futures contract. Short sale proceeds plus 50% requirement on short stock basket. 3	None required on long security futures contract. Short stock basket requirement is 105% of basket market value
Long Security Futures Contract and Short Call same underlying	Single Stock, Narrow-Based Index	20% of the current market value of the long security futures contract plus any call in-the-money amount. None required on short call. Proceeds from the call sale may be applied.	20% of the current market value of the long security futures contract plus any call in-the-money amount.
	Single Stocks 4 vs.	20% of the current market value of the	20% of the current market value of the

	Narrow-Based Index Call Option Narrow-Based Indices 4 vs. Broad-Based Index Call Option	long basket of security futures contracts plus any call in-the-money amount. None required on short index call. Proceeds from the call sale may be applied.	long basket of security futures contracts plus any call in-the-money amount.
Long Security Futures Contract and Long Put same underlying	Single Stock, Narrow-Based Index	20% of the current market value of the long security futures contract. Pay for long put in full.	10% of the put exercise price plus any put out-of-the-money amount or 20% of the current market value of the long security futures contract, whichever is lower.
	Single Stocks 4 vs. Narrow-Based Index Put Option Narrow-Based Indices 4 vs. Broad-Based Index Put Option	20% of the current market value of the long basket of security futures contracts. Pay for long index put in full.	10% of the index put exercise price plus any put out-of-the-money amount or 20% of the current market value of the long basket of security futures contracts, whichever is lower.
Short Security Futures Contract and Long Underlying same underlying	Single Stock	None required on the short security futures contract. 50% requirement on long stock position.	5% of the current market value of the long stock position.
	Narrow-Based Index	None required on the short narrow-based security futures contract. 50% requirement on long stock basket. 4	5% of the current market value of the long stock basket.
Short Security Futures Contract	Single Stock	None required on the short security futures	10% of the current market value of the

and Long Marginable Convertible 5 same underlying		contract. 50% requirement on long convertible security.	long convertible security.
Short Security Futures Contract and Long Call 6 same underlying	Single Stock	20% of the current market value of the short security futures contract. Pay for long call in full.	10% of the call exercise price plus any call out-of-the -money amount or 20% of the current market value of the short security futures contract, whichever is lower.
	Single Stocks 4 vs. Narrow-Based Index Call Option Narrow-Based Indices 4 vs. Broad-Based Index Call Option	20% of the current market value of the short basket of security futures contracts. Pay for long index call in full.	10% of the index call exercise price plus any call out of-the-money amount or 20% of the current market value of the short basket of security futures contracts, whichever is lower.
Short Security Futures Contract and Short Put same underlying	Single Stock	20% of the current market value of the short security futures contract plus any put in-the- money amount. None required on short put. Proceeds from the put sale may be applied.	20% of the current market value of the short security futures contract plus any put in-the- money amount.
	Single Stocks 4 vs. Narrow-Based Index Put Option Narrow-Based Indices 4 vs. Broad-Based Index Put Option	20% of the current market value of the short basket of security futures contracts plus any put in-the-money amount. None required on short index put. Proceeds from the	20% of the current market value of the short basket of security futures contracts plus any put in-the-money amount.

		index put sale may be applied.	
Long Security Futures Contract, Short Call and Long Put same underlying put and call must have same exercise price	Single Stock Narrow Based Index Single Stocks 4 vs. Narrow-Based Index Options Narrow-Based Indices 4 vs. Broad-Based Index Options	20% of the current market value of the long security futures contract(s) plus any call in-the -money amount. Pay for long put in full. None required on short call. Proceeds from call sale may be applied.	10% of the exercise price plus any call in-the-money amount.
Long Security Futures Contract, Short Call and Long Put same underlying put exercise price must be below call exercise price	Single Stock Narrow-Based Index Single Stocks 4 vs. Narrow-Based Index Options Narrow-Based Indices 4 vs. Broad-Based Index Options	20% of the current market value of the long security futures contract(s) plus any call in-the-money amount. Pay for long put in full. None required on short call. Proceeds from call sale may be applied.	10% of the put exercise price plus any put out-of-the-money amount, or 20% of the call exercise price plus any call in-the- money amount, whichever is lower.
Short Security Futures Contract, Long Call and Short Put same underlying put and call must have same exercise price	Single Stock Narrow-Based Index Single Stocks 4 vs. Narrow-Based Index Options Narrow-Based Indices 4 vs. Broad-Based Index Options	20% of the current market value of the short security futures contract(s) plus any put in-the money amount. Pay for long call in full. None required on short put. Proceeds from put sale may be applied.	10% of the exercise price plus any put in-the- money amount.

(A) A long (short) basket of security futures contracts on individual equities offset with a short (long) security futures contract on a narrow-based index. A basket of security futures contracts must qualify as an "underlying basket" in accordance with Cboe Options Rule 10.3(k)(5)(D).

(B) Contract specifications must be substantively identical.

(C) The stock basket must qualify as an "underlying stock basket" in accordance with Cboe Options Rule 10.3(a)(7).

(D) A basket of security futures contracts must qualify as an "underlying basket" in accordance with Cboe Options Rule 10.3(k)(5)(D).

(E) The convertible security must be immediately exchangeable for or convertible into, without restriction (including the payment of money), the security underlying the single stock future.

(F) A long warrant (issued by the issuer of the underlying security) is also permitted (single stock futures only). The long warrant must be paid for in full and shall have no value for margin purposes.

(l) *Credit Options*.

(1) *Risk Monitoring Procedures and Guidelines*

Trading Permit Holders are required to monitor the risk of customer and broker-dealer accounts with exposure to Credit Options and must implement and maintain a comprehensive written risk analysis methodology for assessing the potential risk to the Trading Permit Holder's capital over a specified range of possible market movements over a specified time period. For purposes of complying with this rule, Trading Permit Holders must employ the risk monitoring procedures and guidelines set forth below in sub-paragraphs (A) through (H) of this Rule 10.3(l)(1). The Trading Permit Holder must review, in accordance with the Trading Permit Holder's written procedures, at reasonable periodic intervals, the Trading Permit Holder's credit extension activities for consistency with the risk monitoring procedures and guidelines set forth in this Rule 10.3(l)(1), and must determine whether the data necessary to apply the risk monitoring procedures and guidelines is accessible on a timely basis and information systems are available to adequately capture, monitor, analyze and report relevant data, including:

(A) obtaining and reviewing the required account documentation and financial information necessary for assessing the amount of credit to be extended to customers and broker- dealers;

(B) assessing the determination, review and approval of credit limits to each customer and broker-dealer, and across all customers and broker-dealers, engaging in Credit Option transactions;

(C) monitoring credit risk exposure to the Trading Permit Holder from Credit Options, including the type, scope and frequency of reporting to senior management;

(D) the use of stress testing of accounts containing Credit Option contracts in order to monitor market risk exposure from individual accounts and in the aggregate;

(E) managing the impact of credit extended related to Credit Option contracts on the Trading Permit Holder's overall risk exposure;

(F) determining the need to collect margin from a particular customer or broker-dealer in addition to the amount required by this Rule 10.3(l), including whether such determination was based upon the credit worthiness of the customer or broker-dealer and/or the risk of the specific Credit Option contracts;

(G) monitoring the credit exposure resulting from concentrated positions within both individual accounts and across all accounts containing Credit Option contracts: and

(H) maintaining sufficient margin in each customer and broker-dealer account to protect against the default of the largest individual exposure in the account as measured by computing the largest maximum possible loss.

(2) *Requiring Additional Margin*. Trading Permit Holders shall, based on the risk monitoring procedures and guidelines required above, determine whether the margin required by this Rule 10.3(l) is adequate with respect to their customer and broker-dealer accounts and, where appropriate, increase such requirements.

(3) *Margin Account—Credit Default Options*.

(A) The initial and maintenance margin required on a Credit Default Option carried long in a customer or broker-dealer's account is a percentage of the option's cash settlement amount (as defined in Rule 4.40) according to the table below.

	Length of Time Until Expiration of the Option			
Average Credit Default Swap ("CDS") Spread* for the Reference Entity Underlying the Credit Default Option	1 Year or Less	Greater than 1 Year/Less Than or Equal to 3 Years	Greater Than 3 Years/Less Than or Equal to 7 Years	Greater Than 7 Years
0 - 100	.5%	1%	2%	3.5%
100 – 300	1%	2.5%	3.5%	5%
300 – 500	2.5%	5%	7.5%	10%
500 – 700	5%	7.5%	10%	12.5%
700 & above	7.5%	10%	12.5%	15%

* Over LIBOR, in basis points.

(B) *Alternative Table*. As an alternative to the table under paragraph (l)(3)(A) above, Trading Permit Holders may use the table below.

Length of Time Until Expiration of the Option

Average Credit Default Swap ("CDS") Spread* for the Reference Entity Underlying the Credit Default Option	12 Mos. or Less	Greater Than 12 Mos. / Less Than or Equal to 24 Mos.	Greater Than 24 Mos. / Less Than or Equal to 36 Mos.	Greater Than 36 Mos. / Less Than or Equal to 48 Mos.	Greater Than 48 Mos. / Less Than or Equal to 60 Mos.	Greater Than 60 Mos. / Less Than or Equal to 72 Mos.	Greater Than 72 Mos. / Less Than or Equal to 84 Mos.	Greater Than 84 Mos. / Less Than or Equal to 120 Mos.	Greater Than 121 Mos.
0 - 100	0.50%	0.75%	1.00%	1.50%	2.00%	2.75%	3.50%	4.25%	5.00%
100 - 300	1.00%	1.75%	2.50%	3.00%	3.50%	4.25%	5.00%	7.50%	10.00%
300 - 400	2.50%	3.75%	5.00%	6.25%	7.50%	8.75%	10.00%	11.25%	12.50%
400 - 500	3.75%	5.00%	6.25%	7.50%	8.00%	10.00%	11.25%	12.50%	13.75%

500 - 700	5.00%	6.25%	7.50%	8.75%	10.00%	11.25%	13.75%	15.00%	17.50%
700 & above	7.50%	8.75%	10.00%	11.25%	12.50%	13.75%	15.00%	20.00%	25.00%

(C) The initial and maintenance margin required on any Credit Default Option carried short in a customer or broker-dealer's account is a percentage of the option's cash settlement amount (as defined in Rule 4.40) according to the table below.

Length of Time Until Expiration of the Option

Average Credit Default Swap ("CDS") Spread* for the Reference Entity Underlying the Credit Default Option	1 Year or Less	Greater than 1 Year/Less Than or Equal to 3 Years	Greater Than 3 Years/Less Than or Equal to 7 Years	Greater Than 7 Years
0 - 100	1%	2%	4%	7%
100 - 300	2%	5%	7%	10%
300 - 500	5%	10%	15%	20%
500 - 700	10%	15%	20%	25%
700 & above	15%	20%	25%	30%

* Over LIBOR, in basis points.

(D) *Alternative Table*. As an alternative to the table under paragraph (l)(3)(C) above, Trading Permit Holders may use the table below.

Length of Time Until Expiration of the Option

Average Credit Default Swap ("CDS") Spread* for the Reference Entity Underlying the Credit Default Option	12 Mos. or Less	Greater Than 12 Mos. / Less Than or Equal to 24 Mos.	Greater Than 24 Mos. / Less Than or Equal to 36 Mos.	Greater Than 36 Mos. / Less Than or Equal to 48 Mos.	Greater Than 48 Mos. / Less Than or Equal to 60 Mos.	Greater Than 60 Mos. / Less Than or Equal to 72 Mos.	Greater Than 72 Mos. / Less Than or Equal to 84 Mos.	Greater Than 84 Mos. / Less Than or Equal to 120 Mos.	Greater Than 121 Mos.
0 - 100	1.00%	1.50%	2.00%	3.00%	4.00%	5.50%	7.00%	8.50%	10.00%
100 - 300	2.00%	3.50%	5.00%	6.00%	7.00%	8.50%	10.00%	15.00%	20.00%
300 - 400	5.00%	7.50%	10.00%	12.50%	15.00%	17.50%	20.00%	22.50%	25.00%
400 - 500	7.50%	10.00%	12.50%	15.00%	16.00%	20.00%	22.50%	25.00%	27.50%
500 - 700	10.00%	12.50%	15.00%	17.50%	20.00%	22.50%	27.50%	30.00%	35.00%
700 & above	15.00%	17.50%	20.00%	22.50%	25.00%	27.50%	30.00%	40.00%	50.00%

* Over LIBOR, in basis points.

(E) Debt Security Offset. If an account is short a Credit Default Option and also has a short position in a debt security issued by the Reference Entity underlying the option, and the principal amount of the debt security is equal to: the cash settlement amount of the option multiplied by 1.33, no margin is required on the Credit Default Option.

(4) *Margin Account - Credit Default Basket Options*.

(A) The initial and maintenance margin required on a Credit Default Basket Option carried long in a customer or broker-dealer's account is a percentage of the option's cash settlement amount (as defined in Rule 4.40) according to the table below. In the case of a Single Payout Credit Default Basket Option, the cash settlement amount to be used is the one that is the highest among the basket components, and in the case of a Multiple Payout Credit Default Basket Option, the cash settlement amount to be used is 50% of the sum of each basket component's cash settlement amount.

Length of Time Until Expiration of the Option

Average Credit Default Swap ("CDS") Spread* of the Basket Component Reference Entities	1 Year or Less	Greater than 1 Year/Less Than or Equal to 3 Years	Greater than 3 Years/Less Than or Equal to 5 Years	Greater Than 5 Years/Less Than or Equal to 7 Years	Greater Than 7 Years
0 - 200	0.50%	0.50%	1%	2%	2.50%
200 - 500	1%	1.50%	2%	2.50%	3.50%

500 & above	1.50%	2.50%	5%	6%	7.50%

* Over LIBOR, in basis points.

(B) *Alternative Table*. As an alternative to the table under paragraph (l)(4)(A) above, Trading Permit Holders may use the table below.

	Length of Time Until Expiration of the Option									
Average Credit Default Swap ("CDS") Spread* of the Basket Component Reference Entities	1 Year or Less	Greater Than 1 Year / Less Than or Equal to 2 Years	Greater Than 2 Years / Less Than or Equal to 3 Years	Greater Than 3 Years / Less Than or Equal to 4 Years	Greater Than 4 Years / Less Than or Equal to 5 Years	Greater Than 5 Years / Less Than or Equal to 6 Years	Greater Than 6 Years / Less Than or Equal to 7 Years	Greater Than 7 Years / Less Than or Equal to 8 Years	Greater Than 8 Years / Less Than or Equal to 9 Years	Greater Than 9 Years
0 - 200	0.50%	0.50%	0.50%	0.75%	0.10%	1.50%	2%	2.25%	2.50%	2.50%
200 - 500	1%	1.25%	1.50%	1.75%	2%	2.25%	2.50%	3%	3.50%	3.50%
500 & above	1.50%	2%	2.50%	3.75%	5%	5.50%	6%	6.50%	7%	7.50%

(C) The initial and maintenance margin required on a Credit Default Basket Option carried short in a customer or broker-dealer's account is a percentage of the option's

cash settlement amount (as defined in Rule 4.40) according to the table below. In the case of a Single Payout Credit Default Basket Option, the cash settlement amount to be used is the one that is the highest among the basket components, and in the case of a Multiple Payout Credit Default Basket Option, the cash settlement amount to be used is 50% of the sum of each basket component's cash settlement amount.

Length of Time Until Expiration of the Option

Average Credit Default Swap ("CDS") Spread* of the Basket Component Reference Entities	1 Year or Less	Greater than 1 Year/Less Than or Equal to 3 Years	Greater than 3 Years/Less Than or Equal to 5 Years	Greater Than 5 Years/Less Than or Equal to 7 Years	Greater Than 7 Years
0 - 200	1%	1%	2%	4%	5%
200 - 500	2%	3%	4%	5%	7%
500 & above	3%	5%	10%	12%	15%

* Over LIBOR, in basis points.

(D) *Alternative Table*. As an alternative to the table under paragraph (l)(4)(C) above, Trading Permit Holders may use the table below.

Length of Time Until Expiration of the Option

Average Credit Default Swap ("CDS") Spread* of the Basket Component Reference Entities	1 Year or Less	Greater Than 1 Year / Less Than or Equal to 2 Years	Greater Than 2 Years / Less Than or Equal to 3 Years	Greater Than 3 Years / Less Than or Equal to 4 Years	Greater Than 4 Years / Less Than or Equal to 5 Years	Greater Than 5 Years / Less Than or Equal to 6 Years	Greater Than 6 Years / Less Than or Equal to 7 Years	Greater Than 7 Years / Less Than or Equal to 8 Years	Greater Than 8 Years / Less Than or Equal to 9 Years	Greater Than 9 Years
0 - 200	1%	1%	1%	1.50%	2%	3%	4%	4.50%	5%	5%
200 - 500	2%	2.50%	3%	3.50%	4%	4.50%	5%	6%	7%	7%
500 & above	3%	4%	5%	7.50%	10%	11%	12%	13%	14%	15%

(5) *Spreads*. If an account is short a Credit Option and is also long a Credit Option with the same underlying Reference Obligation(s), and the long option is paid for in full, and the long option does not expire before the short option, no margin is required

(6) Credit Option margin requirements may be satisfied by a deposit of cash or marginable securities.

(7) *Concentrations*. If, across all accounts, the maximum exposure in Credit Option contracts overlying any single Reference Entity exceeds the Trading Permit Holder's tentative net capital, the Trading Permit Holder must deduct from net capital an amount equal to the aggregate margin requirement for all such accounts on the Credit Option contracts (including Credit Default Basket Options having the subject Reference Entity as a component) overlying such single Reference Entity, as specified in this Rule 10.3(l). This deduction from net capital may be reduced by the amount of excess margin held in such customer and broker-dealer accounts.

(8) *Cash Account—Credit Default Options*. A Credit Default Option carried short in a customer's account is deemed a covered position, and eligible for the cash account, provided any one of the following either is held in the account at the time the option is written or is received into the account promptly thereafter:

(A) cash or cash equivalents equal to 100% of the cash settlement amount as defined in Rule 4.40; or

(B) an escrow agreement.

The escrow agreement must certify that the bank holds for the account of the customer as security for the agreement (i) cash, (ii) cash equivalents, (iii) one or more qualified equity securities, or (iv) a combination thereof having an aggregate market value of not less than 100% of the cash settlement amount as defined in Rule 4.40 and that the bank will promptly pay the TPH organization the cash settlement amount in the event of a Credit Event as defined in Rule 4.40.

(9) *Cash Account - Credit Default Basket Options*. A Credit Default Basket Option carried short in a customer's account is deemed a covered position, and eligible for the cash account, provided any one of the following either is held in the account at the time the option is written or is received into the account promptly thereafter:

(A) For Multiple Payout Credit Default Basket Options, cash or cash equivalents equal to 50% of the sum of each Basket Component's cash settlement amount as defined in Rule 4.40;

(B) For Single Payout Credit Default Basket Options, cash or cash equivalents equal to 100% of the Basket Component cash settlement amount as defined in Rule 4.40 that is the highest; or

(C) an escrow agreement.

The escrow agreement must certify that the bank holds for the account of the customer as security for the agreement (i) cash, (ii) cash equivalents, (iii) one or more qualified equity securities, or (iv) a combination thereof having an aggregate market value of not less than 100% of the sum of each Basket Component's cash settlement amount as defined in Rule 4.40 in the case of Multiple Payout Credit Default Basket Option or 100% of the Basket Component cash settlement amount as defined in Rule 4.40 that is the highest in the case of a Single Payout Credit Default Basket Option and that the bank will promptly pay the TPH organization the cash settlement amount in the event of a Credit Event as defined in Rule 4.40.

(10) *Duration of the Credit Option Margin Pilot Program*. The Credit Option Margin Pilot Program shall be through September 1, 2021.

(m) *Binary Options*.

(1) *Margin Account*. Except as provided below, no binary option carried for a customer shall be considered of any value for purposes of computing the margin required in the account of such customer.

(A) The initial and maintenance margin required on any binary option carried long in a customer's account is 100% of the purchase price of such binary option.

(B) The initial and maintenance margin required on any binary option carried short in a customer's account is the exercise settlement amount.

(C) *Spreads*. No margin is required on a binary call option (put option) carried short in a customer's account that is offset by a long binary call option (put option) for the same underlying security or instrument that expires at the same time and has an exercise price that is less than (greater than) the exercise price of the short call (put). The long call (put) must be paid for in full.

(D) *Straddle/Combination*. When a binary call option is carried short in a customer's account and there is also carried a short binary put option for the same underlying security or instrument that expires at the same time and has an exercise price that is less than or equal to the exercise price of the short call, the initial and maintenance margin required is the exercise settlement amount applicable to one contract.

(2) *Cash Account*. A binary option carried short in a customer's account is deemed a covered position, and eligible for the cash account, provided any one of the following either is held in the account at the time the option is written or is received into the account promptly thereafter:

(A) cash or cash equivalents equal to 100% of the exercise settlement amount; or

(B) a long binary option of the same type (put or call) for the same underlying security or instrument that is paid for in full and expires at the same time, and has an exercise price that is less than the exercise price of the short in the case of a call or greater than the exercise price of the short in the case of a put; or

(C) an escrow agreement.

The escrow agreement must certify that the bank holds for the account of the customer as security for the agreement (i) cash, (ii) cash equivalents, (iii) one or more qualified equity securities, or (iv) a combination thereof having an aggregate market value of not less than 100% of the exercise settlement amount and that the bank will promptly pay the TPH organization the exercise settlement amount in the event the account is assigned an exercise notice.

(n) *Range Options*.

(1) *Margin Account*. Except as provided below, no Range Option carried for a customer shall be considered of any value for purposes of computing the margin requirement in the

account of such customer, and each Range Option carried for a customer shall be margined separately.

(A) The initial and maintenance margin required on any Range Option carried long in a customer's account is 100% of the purchase price of such Range Option.

(B) The initial and maintenance margin required on any Range Option carried short in a customer's account is the Maximum Range Exercise Value times the contract multiplier.

(C) *Cash Account*. A Range Option carried short in a customer's account is deemed a covered position, and eligible for the cash account, provided any one of the following either is held in the account at the time the option is written or is received into the account promptly thereafter:

(D) cash or cash equivalents equal to 100% of the Maximum Range Exercise Value times the contract multiplier; or

(E) an escrow agreement.

The escrow agreement must certify that the bank holds for the account of the customer as security for the agreement (i) cash, (ii) cash equivalents, (iii) one or more qualified equity securities, or (iv) a combination thereof having an aggregate market value of not less than 100% of the Maximum Range Exercise Value times the contract multiplier and that the bank will promptly pay the TPH organization the cash settlement amount in the event the account is assigned an exercise notice.

Interpretations and Policies

.01 In determining the "current market value" of a security including an option, if there is no closing price or if trading was halted before and through the normal end of the trading day or if the closing price was outside the last bid and offer that was established after the closing price, then a TPH organization may use a reasonable estimate of the market value of the security based upon the then current bids and offers from publicly available vendors or services.

.02 Generally, for purposes of the rules of this Chapter 10 and any other Exchange margin rules, unless otherwise specified, index warrants shall be treated as if they were index options.

.03 If the escrow agreement is forwarded to OCC, Trading Permit Holders should be aware that the OCC may have a different definition of "cash equivalent" than does Regulation T.

.04 Under normal circumstances, Cboe Options Clearing Trading Permit Holders are prohibited from extending credit for opening transactions to market-makers whose net liquidating equity computed as described in 10.3(f)(1)(F) is in deficit. Situations may arise, however, whereby the last sale price of a stock is disseminated after the overlying options cease trading at 3:00 p.m., causing a discrepancy between the last sale price of the underlying stock and the closing quotes and the last sale price of the option series.

In situations where this discrepancy causes a market-maker's account to liquidate to a deficit, Clearing Trading Permit Holders are permitted to adjust the market-maker's equity to correct the disparity, and extend credit for opening trades. The adjustments must be documented, filed with, and approved by the Department of Financial and Sales Practice Compliance. The adjustments should be filed with the Department before the next day's opening (or at least before the firm may extend credit for opening transactions) and must be approved by the Department before opening trades may be financed. Additionally, all information regarding the adjustment(s) must be retained by the Clearing Trading Permit Holder and the Exchange.

.05 The term "aggregate current index value" means the current index value times the index multiplier; the term "aggregate exercise price" means the exercise price times the index multiplier; and the term "exercise settlement amount" means the difference between the aggregate exercise price and the aggregate current index value (as such terms are defined in the OCC By-Laws).

.06 For purposes of Rule 10.3 the bank or trust company issuing escrow agreements must be approved by The Options Clearing Corporation if the escrow agreements to be forwarded to the Corporation for the purpose of meeting margin requirements.

.07 A security is qualified if: (a) Exchange securities: it is a listed equity security (with the exception of warrants, rights and options) or (b) OTC securities: it is an equity security (with the exception of warrants, rights and options) listed on the current list of Marginable Over-the-Counter Stocks published by the Board of Governors of the Federal Reserve System.

.08 When one or more securities are substituted for securities held by the bank or trust company the substitution should not impair the value of the collateral held by the bank at the time the substitution is made.

.09 An index option escrow receipt is no longer deemed to be an acceptable deposit in lieu of the margin required to be maintained by the broker-dealer upon notification that the collateral value is below 50% of the current aggregate index value. If the collateral is not promptly supplemented to a level in excess of 55% of the current aggregate index value, the broker- dealer must take steps to promptly liquidate the short index call(s) covered by the receipt.

.10 The margin requirements set forth in this Rule are applicable only to stock index warrants, currency index warrants and currency warrants listed on or after August 29, 1995.

.11 When due to a merger or acquisition a security underlying an option ceases to trade and the registered clearing agency or party which issues the option has announced that all outstanding call options will settle for cash equal to any amount by which a fixed settlement price exceeds the exercise price and all outstanding put options will settle for cash equal to any amount by which the exercise price exceeds a fixed settlement price, no margin is required on such an option carried short if it is out-of-the-money. If such an option carried short is in-the- money, margin must be maintained equal to 100% of the aggregate in-the-money amount.

.12 Under the provisions of Regulation T Section 220.7 a clearing broker may extend good faith financing to an owner of the clearing broker under certain conditions. Such financing is typically provided under what is termed a joint back office arrangement.

.13 In the event that the TPH organization at which a customer seeks to open an account, or resume day trading in an existing account, knows or has a reasonable basis to believe that the customer will engage in pattern day trading, then the minimum equity required under Rule 10.3(j)(4)(A) must be deposited in the account prior to commencement of day trading.

.14 When a customer engages in pattern day trading, the minimum equity required under Rule 10.3(j)(4)(A) must be deposited in the account before such customer may continue day trading.

.15 For purposes of Rule 10.3(j)(3), "time and tick" (i.e., calculating margin utilizing each trade in the sequence that it is executed, using the highest open position during the day) may not be used for a pattern day trader who exceeds their day trading buying power.

.16 For purposes of Rules 10.3(j)(3) and 10.3(j)(4)(B)(ii) above, the day trading buying power for non-equity securities shall, at a minimum, be computed using the applicable maintenance margin requirements pursuant to Rule 10.3.

[Effective October 7, 2019 (SR-CBOE-2019-069); amended July 17, 2020 (SR-CBOE-2020-068); amended October 26, 2020 (SR-CBOE-2020-090)]

Rule 10.4. Portfolio Margin

As an alternative to the transaction / position specific margin requirements set forth in Rule 10.3 of this Chapter 10, a TPH organization may require margin for all margin equity securities (as defined in Section 220.2 of Regulation T), listed options, unlisted derivatives, security futures products, and index warrants in accordance with the portfolio margin requirements contained in this Rule 10.4.

In addition, a TPH organization, provided it is a Futures Commission Merchant ("FCM") and is either a clearing member of a futures clearing organization or has an affiliate that is a clearing member of a futures clearing organization, is permitted under this Rule 10.4 to combine a customer's related instruments (as defined below), listed index options, unlisted derivatives, options on exchange traded funds, index warrants, and underlying instruments and compute a margin requirement for such combined products on a portfolio margin basis.

Application of the portfolio margin provisions of this Rule 10.4 to IRA accounts is prohibited.

(a) *Definitions*.

(1) The term "listed option" for purposes of this Rule shall mean any equity (or equity index- based) option traded on a registered national securities exchange or automated facility of a registered national securities association or issued and guaranteed by the Clearing Corporation and shall include OCC cleared OTC options contracts.

(2) The term "security future" means a contract of sale for future delivery of a single security or of a narrow-based security index, including any interest therein or based on the value thereof, to the extent that that term is defined in Section 3(a)(55) of the Securities Exchange Act of 1934.

(3) The term "security futures product" means a security future, or an option on any security future.

(4) The term "unlisted derivative" for purposes of this Rule means any equity-based (or equity index-based) unlisted option, forward contract or swap that can be valued by a theoretical pricing model approved by the Securities and Exchange Commission and does not include OCC cleared OTC options contracts.

(5) The term "option series" means all option contracts of the same type (either a call or a put) and exercise style, covering the same underlying instrument with the same exercise price, expiration date, and number of underlying units.

(6) The term "class" refers to all listed options, unlisted derivatives, security futures products, and related instruments that are based on the same underlying instrument, and the underlying instrument itself.

(7) The term "portfolio" means products of the same class grouped together.

(8) The term "related instrument" within a class or product group means index futures contracts and options on index futures contracts covering the same underlying instrument, but does not include security futures products.

(9) The term "underlying instrument" means a security or security index upon which any listed option, unlisted derivative, security futures product or related instrument is based. The term underlying instrument shall not be deemed to include, futures contracts, options on futures contracts or underlying stock baskets except that, for the purpose of calculating theoretical gains and losses for a listed option, unlisted derivative, or security futures product overlying a volatility index pursuant to this Rule, the price of a futures contract referencing the same volatility index may be utilized in lieu of the current (spot or cash) index value.

(10) The term "product group" means two or more portfolios of the same type for which it has been determined by Rule 15c3-1a(b)(ii) under the Securities Exchange Act of 1934 that a percentage of offsetting profits may be applied to losses at the same valuation point.

(11) The terms "theoretical gains and losses" means the gain and loss in the value of each eligible position at 10 equidistant intervals (valuation points) ranging from an assumed movement (both up and down) in the current market value of the underlying instrument.

The magnitude of the valuation point range shall be as follows:

Portfolio Type	**Up / down market move (high & low valuation points)**
High Capitalization, Broad-based Market Index	+6%/-8%

Non-High Capitalization, Broad-based Market Index	+/-10%
Narrow-based Index	+/-15%
Individual Equity	+/-15%
Volatility Index (30-day implied)	+/-20%
Volatility Index (9-day implied)	+/-40%

(b) *Eligible Participants*.

Any TPH organization intending to apply the portfolio margin provisions of this Rule 10.4 to its accounts must receive prior approval from its DEA. The TPH organization will be required to, among other things, demonstrate compliance with Rule 15.8A - Risk Analysis of Portfolio Margin Accounts, and with the net capital requirements of Rule 11.5 - Customer Portfolio Margin Accounts.

The application of the portfolio margin provisions of this Rule 10.4 is limited to the following customers:

(1) any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934;

(2) any member of a national futures exchange to the extent that listed index options, unlisted derivatives, options on exchange traded funds, index warrants or underlying instruments hedge the member's related instruments, and

(3) any person or entity not included in (b)(1) or (b)(2) above that is approved for writing uncovered options. However, such persons or entities may not establish or maintain positions in unlisted derivatives unless minimum equity of at least five million dollars is established and maintained with the TPH organization. For purposes of the five million dollar minimum equity requirement, all securities and futures accounts carried by the TPH organization for the same customer may be combined provided ownership across the accounts is identical. A guarantee by any other account for purposes of the minimum equity requirement is not permitted.

(c) *Opening of Accounts*.

(1) Only customers that, pursuant to Rule 9.1, have been approved for writing uncovered options are permitted to utilize a portfolio margin account.

(2) On or before the date of the initial transaction in a portfolio margin account, a Trading Permit Holder shall:

(A) furnish the customer with a special written disclosure statement describing the nature and risks of portfolio margining and which includes an acknowledgement for all portfolio margin account owners to sign, attesting that they have read and understood the disclosure statement, and agree to the terms under which a portfolio margin account is provided, and

(B) obtain a signed acknowledgement from the customer and record the date of receipt.

(d) *Establishing Account and Eligible Positions*.

(1) For purposes of applying the portfolio margin requirements provided in this Rule 10.4, TPH organizations are to establish and utilize a dedicated securities margin account, or sub-account of a margin account, clearly identified as a portfolio margin account that is separate from any other securities account carried for a customer.

(2) A margin deficit in the portfolio margin account of a customer may not be considered as satisfied by excess equity in another account. Funds and/or securities must be transferred to the deficient account and a written record created and maintained. In the case of a portfolio margin account carried as a sub-account of a margin account, excess equity in the margin account may be used to satisfy a margin deficiency in the portfolio margin sub-account without transferring funds and/or securities to the portfolio margin sub-account.

(3) Eligible Positions

(A) a margin equity security (including a foreign equity security and option on a foreign equity security, provided the foreign equity security is deemed to have a "ready market" under SEC Rule 15c3-1 or a no-action position issued thereunder; and a control or restricted security, provided the security has met the requirements in a manner consistent with SEC Rule 144 or an SEC no-action position issued thereunder, sufficient to permit the sale of the security, upon exercise of any listed option or unlisted derivative written against it, without restriction)

(B) a listed option on an equity security, index of equity securities, or volatility index referencing either such equity instrument,

(C) a security futures product,

(D) an unlisted derivative on an equity security or index of equity securities,

(E) a warrant on an equity security or index of equity securities, and

(F) a related instrument.

(4) Positions other than those listed in (d)(3) above are not eligible for portfolio margin treatment. However, positions not eligible for portfolio margin treatment (except for ineligible related instruments) may be carried in a portfolio margin account subject to the margin required pursuant Rule 10.3 of this Chapter 10. Shares of a money market mutual

fund may be carried in a portfolio margin account subject to the margin required pursuant to Exchange Rule 10.3 of this Chapter 10 provided that:

(A) the customer waives any right to redeem the shares without the TPH organization's consent,

(B) the TPH organization (or, if the shares are deposited with a Clearing Trading Permit Holder, the Clearing Trading Permit Holder) obtains the right to redeem the shares in cash upon request,

(C) the fund agrees to satisfy any conditions necessary or appropriate to ensure that the shares may be redeemed in cash, promptly upon request, and

(D) the TPH organization complies with the requirements of Section 11(d)(1) of the Securities Exchange Act of 1934 and Rule 11d1-2 thereunder.

(e) *Initial and Maintenance Margin Required*. The amount of margin required under this Rule 10.4 for each portfolio shall be the greater of:

(A) the amount for any of the ten equidistant valuation points representing the largest theoretical loss as calculated pursuant to paragraph (f) below or

(B) $.375 for each listed option, unlisted derivative, security futures product, and related instrument multiplied by the contract or instrument's multiplier, not to exceed the market value in the case of long positions.

(f) *Method of Calculation*.

(1) Long and short positions in eligible positions are to be grouped by class; each class group being a "portfolio". Each portfolio is categorized as one of the portfolio types specified in paragraph (a)(11) above.

(2) For each portfolio, theoretical gains and losses are calculated for each position as specified in paragraph (a)(11) above. For purposes of determining the theoretical gains and losses at each valuation point, TPH organizations shall obtain and utilize the theoretical value of a listed option, unlisted derivative, security futures product, underlying instrument, and related instrument rendered by a theoretical pricing model that has been approved by the Securities and Exchange Commission.

(3) *Offsets*. Within each portfolio, theoretical gains and losses may be netted fully at each valuation point.

Offsets between portfolios within the High Capitalization, Broad-Based Index Option, Non- High Capitalization, Broad-Based Index Option and Narrow-Based Index Option product groups may then be applied as permitted by Rule 15c3-1a under the Securities Exchange Act of 1934.

(4) After applying paragraph (f)(3) above, the sum of the greatest loss from each portfolio is computed to arrive at the total margin required for the account (subject to the per contract minimum).

(5) In addition, if a security that is convertible, exchangeable, or exercisable into a security that is an underlying instrument requires the payment of money or would result in a loss if converted, exchanged, or exercised at the time when the security is deemed an underlying instrument, the full amount of the conversion loss is required.

(g) *Minimum Equity Deficiency*. If, as of the close of business, the equity in the portfolio margin account declines below the five million dollar minimum equity required under Paragraph (b) of this Rule 10.4 and is not restored to the required level within three (3) business days by a deposit of funds or securities, or through favorable market action; TPH organizations are prohibited from accepting new orders beginning on the fourth business day, except that new orders entered for the purpose of reducing market risk may be accepted if the result would be to lower margin requirements. This prohibition shall remain in effect until such time as:

(1) the required minimum account equity is re-established or

(2) all unlisted derivatives are liquidated or transferred from the portfolio margin account to the appropriate account.

In computing net capital, a deduction in the amount of a customer's equity deficiency may not serve in lieu of complying with the above requirements.

(h) *Determination of Value for Margin Purposes*. For the purposes of this Rule 10.4, all eligible positions shall be valued at current market prices. Account equity for the purposes of this Rule 10.4 shall be calculated separately for each portfolio margin account by adding the current market value of all long positions, subtracting the current market value of all short positions, and adding the credit (or subtracting the debit) balance in the account.

(i) *Additional Margin*.

(1) If, as of the close of business, the equity in any portfolio margin account is less than the margin required, the customer may deposit additional margin or establish a hedge to meet the margin requirement within three business days. After the three business day period, TPH organizations are prohibited from accepting new orders, except that new orders entered for the purpose of reducing market risk may be accepted if the result would be to lower margin requirements. In the event a customer fails to deposit additional margin in an amount sufficient to eliminate any margin deficiency or hedge existing positions after three business days, the TPH organization must liquidate positions in an amount sufficient to, at a minimum, lower the total margin required to an amount less than or equal to account equity.

TPH organizations should not permit a customer to make a practice of meeting a portfolio margin deficiency by liquidation. TPH organizations must have procedures in place to identify accounts that periodically liquidate positions to eliminate margin deficiencies, and a TPH organization is expected to take appropriate action when warranted. Liquidations to

eliminate margin deficiencies that are caused solely by adverse price movements may be disregarded.

Guarantees by any other account for purposes of margin requirements is not permitted.

(2) Pursuant to Rule 11.5 - Customer Portfolio Margin Accounts, if additional margin required is not obtained by the close of business on T+1, TPH organizations must deduct in computing net capital any amount of the additional margin that is still outstanding until such time as the additional margin is obtained or positions are liquidated pursuant to (i)(1) above.

(3) A deduction in computing net capital in the amount of a customer's margin deficiency may not serve in lieu of complying with the requirements of (i)(1) above.

(4) A TPH organization may request from its DEA an extension of time for a customer to deposit additional margin. Such request must be in writing and will be granted only in extraordinary circumstances.

(5) The day trading restrictions promulgated under Rule 10.3(j) shall not apply to portfolio margin accounts that establish and maintain at least five million dollars in equity, provided a TPH organization has the ability to monitor the intra-day risk associated with day trading. Portfolio margin accounts that do not establish and maintain at least five million dollars in equity will be subject to the day trading restrictions under Rule 10.3(j), provided the TPH organization has the ability to apply the applicable day trading restrictions under that Rule. However, if the position or positions day traded were part of a hedge strategy, the day trading restrictions will not apply. A "hedge strategy" for the purpose of this rule means a transaction or a series of transactions that reduces or offsets a material portion of the risk in a portfolio. TPH organizations are also expected to monitor these portfolio margin accounts to detect and prevent circumvention of the day trading requirements. In the event day trades executed in a portfolio margin account exceed the day trading buying power, the day trade margin deficiency that is created must be met by the deposit of cash and/or securities within three business days.

(j) *Portfolio Margin Accounts - Requirement to Liquidate*.

(1) A TPH organization is required immediately either to liquidate, or transfer to another broker- dealer eligible to carry related instruments within portfolio margin accounts, all customer portfolio margin accounts with positions in related instruments if the Trading Permit Holder is:

(A) insolvent as defined in section 101 of title 11 of the United States Code, or is unable to meet its obligations as they mature;

(B) the subject of a proceeding pending in any court or before any agency of the United States or any State in which a receiver, trustee, or liquidator for such debtor has been appointed;

(C) not in compliance with applicable requirements under the Securities Exchange Act of 1934 or rules of the Securities and Exchange Commission or any self-regulatory organization with respect to financial responsibility or hypothecation of customers' securities; or

(D) unable to make such computations as may be necessary to establish compliance with such financial responsibility or hypothecation rules.

(2) Nothing in this paragraph (j) shall be construed as limiting or restricting in any way the exercise of any right of a registered clearing agency to liquidate or cause the liquidation of positions in accordance with its by-laws and rules.

[Effective October 7, 2019 (SR-CBOE-2019-069)]

Rule 10.5. Determination of Value for Margin Purposes

Positions in active securities, except security futures contracts, dealt in on a recognized exchange (including option contracts) shall, for margin purposes, be valued at current market value prices; provided that only the following may be deemed to have market value for the purposes of Rule 10.3(c): (a) whether or not dealt in on an exchange, only those options contracts on a stock or stock index, or a stock index warrant, having an expiration that exceeds 9 months and which are listed or guaranteed by the carrying broker-dealer, or (b) a Credit Option as defined in Rule 4.40. Security futures contracts shall have no value for margin purposes. Positions in other securities shall be valued conservatively in the light of current market prices and the amount of anticipated realization upon a liquidation of the entire position. Substantial additional margin must be required in all cases where the securities carried are subject to unusually rapid or violent changes in value, or where the amount carried is such that they cannot be liquidated promptly.

[Effective October 7, 2019 (SR-CBOE-2019-069)]

Rule 10.6. "When Issued" and "When Distributed" Securities

(a) The minimum amount of margin on any transaction or net position in each "when issued" security shall be the same as if such security were issued. Each position in a "when issued" security shall be margined separately and any unrealized profit shall be of value only in providing the amount of margin required on that particular position. When an account has a "short" position in a "when issued" security and there are held in the account securities in respect of which the "when issued" security may be issued, such "short" position shall be marked to the market and the balance in the account shall for the purpose of this rule be adjusted for any unrealized loss in such "short" position.

(b) In connection with any transaction or net position resulting from contracts for a "when issued" security in an account other than that of a TPH organization or non-Trading Permit Holder broker or dealer, bank, trust company, insurance company, investment trust, charitable or nonprofit education institution, deposits shall be required equal to the margin required were such transactions or position in a margin account.

(c) In connection with any net position resulting from contracts for a "when issued" security made for or with a non-Trading Permit Holder broker or dealer, no margin need be required, but such net position must be marked to the market. In connection with any net position resulting from contracts for a "When issued" security made for a TPH organization or for or with a bank, trust company, insurance company, investment trust, charitable or nonprofit education institution, no margin need be required and such net position need not be marked to the market. However, where such net position is not marked to the market, an amount equal to the loss at the market in such position shall be considered as cash required to provide margin in the computation of the net capital of the TPH organization under the Exchange's capital requirements.

(d) The term "when issued" as used herein also means "when distributed."

[Effective October 7, 2019 (SR-CBOE-2019-069)]

Rule 10.7. Guaranteed Accounts

Any account guaranteed by another account may be consolidated with such other account and the required margin may be determined on the net position of both accounts, provided the guarantee is in writing and permits the TPH organization carrying the account, without restriction, to use the money and securities in the guaranteeing account to carry the guaranteed account or to pay any deficit therein; and provided further that such guaranteeing account is not owned directly or indirectly by the TPH organization or an Approved Person of the TPH organization carrying the account or any other Trading Permit Holder, TPH organization or Approved Person of a TPH organization having a definite arrangement for participating in the commissions earned on the guaranteed account.

[Effective October 7, 2019 (SR-CBOE-2019-069)]

Rule 10.8. Meeting Margin Calls by Liquidation Prohibited

No TPH organization shall permit a customer to make a practice of effecting transactions requiring initial or additional margin or full cash payment and then furnishing such margin or making such full cash payment by liquidation of the same or other commitments. The provisions of this Rule shall not apply to margin calls attributable to security futures contract transactions nor to any account maintained for another broker or dealer, exclusive of the partners, officers and directors of such other broker or dealer, provided such other broker or dealer is a TPH organization or has agreed in good faith with the TPH organization carrying the account that he will maintain a record equivalent to that referred to in Rule 10.11 of these Rules.

[Effective October 7, 2019 (SR-CBOE-2019-069)]

Rule 10.9. Margin Required Is Minimum

The amount of margin prescribed by these Rules is the minimum which must be required initially and subsequently maintained with respect to each account affected thereby; but nothing in these Rules shall be construed to prevent a TPH organization from requiring margin in an amount greater than that specified. The Exchange may at any time impose higher margin requirements in respect of such positions when it deems such higher margin requirements to be advisable.

[Effective October 7, 2019 (SR-CBOE-2019-069)]

Rule 10.10. Compliance with Margin Requirements of New York Stock Exchange

In lieu of meeting the margin requirements set forth in Rules 10.3 through 10.8 of this Chapter and margin rules in other chapters, a TPH organization that is a member of the New York Stock Exchange may elect to be bound by the initial and maintenance requirements of the New York Stock Exchange as the same may be in effect from time to time. Such election shall be made in writing by a notice filed with the Exchange and shall remain effective until the TPH organization shall file with the Exchange a written notice of revocation. Upon the filing of such election, a TPH organization shall be bound to comply with the margin rules of the New York Stock Exchange as though such rules were part of these Rules.

[Effective October 7, 2019 (SR-CBOE-2019-069)]

Rule 10.11. Daily Margin Record

Each TPH organization carrying margin accounts for customers shall make and maintain a daily record of every case in which, pursuant to the Rules of the Exchange or regulations of the Federal Reserve Board, initial or additional margin must be obtained in a customer's account because of the transactions effected in such account. This record shall be preserved for at least 12 months and shall show for each account the amount of margin so required and the time and manner in which such margin is furnished or obtained. This record shall be in a form approved by the Exchange and shall contain such additional information as the Exchange may from time to time prescribe. The Exchange may exempt any TPH organization which is a member or member organization of another national securities exchange having a substantially comparable rule with which such TPH organization is required to comply.

[Effective October 7, 2019 (SR-CBOE-2019-069)]

Rule 10.12. Government Security Options Margin Requirements

(a) This rule sets forth the minimum amount of margin which must be deposited and maintained in margin accounts of customers having positions in Government securities options traded on a registered national securities exchange, or a registered securities association and issued by the Options Clearing Corporation. The initial deposit of margin required under this rule must be made within five full business days after the date on which a transaction giving rise to a margin requirement is effected. All long options must be paid in full within five full business days after the date on which the options are purchased. For purposes of this rule, the term "current market value" of an option shall mean the total cost or net proceeds of the option transaction on the day the option was purchased or sold and shall mean the closing price of that series of options on the Exchange on any other day with respect to which a determination of current market value is made.

(b) For each put or call contract on Treasury securities carried in a short position in the account, margin must be maintained equal to at least 100% of the current market value of the contract plus the percentage of the principal amount of the underlying Government security set forth below:

Underlying Government Security	Applicable Percentage of Principal Amount
U.S. Treasury Bills	
95 days or less to maturity	.35%
U.S. Treasury Notes	3%
U.S. Treasury Bonds	3.5%

In each case, the amount shall be decreased by any excess of the aggregate exercise price of the option over the current market value of the underlying Government security in the case of a call, or any excess of the current market value of the underlying Government security over the aggregate exercise price of the option in the case of a put; provided, however, that the minimum margin required on each Treasury Bill option contract shall not be less than .05% of the principal amount of the underlying Treasury Bill; and on each Treasury Note and Treasury Bond option contract shall not be less than .5% of the principal amount of the underlying Government security. As an exception to the foregoing, where both a put and a call option position for the same principal amount of the same underlying Government security are carried in a short position in an account, the amount of the margin required shall be the margin required on the put or call position, whichever amount is greater, increased by the amount of any unrealized loss on the other position. The requirements set forth in this paragraph are also subject to the exceptions set forth in Rule 10.3(b).

(c) *Standard options*. Short options offset by long options. This subparagraph 10.12(c) applies to an account carrying positions in long call options (or long put options) and short call options (or short put options) for the same Government security provided that the expiration date of the long calls (or long puts) is the same as or subsequent to the expiration date of the offsetting short calls (or short puts) and

(1) When the aggregate exercise price of the long call (short put) position is less than or equal to the aggregate exercise price of the offsetting short call (long put) position, no margin is required.

(2) When the aggregate exercise price of the long call (short put) position is greater than the aggregate exercise price of the short call (long put) position, margin is required equal to the difference in aggregate exercise price(s) on a principal for principal basis.

(3) *Covered calls*. No margin is required in respect of a call option contract carried in a short position which is covered by a long position in underlying Government securities within the meaning of Rule 4.50. Treasury bills having a term to maturity of less than one week on the next applicable exercise settlement date do not qualify as cover under this rule.

(4) *Short options offset by long options*. This subparagraph (c)(4) applies to accounts carrying positions in long call options (or long put options) which are offset by positions in short call options (or short put options) for the same principal amount of Government

securities, provided that the expiration date of the long calls (or long puts) is the same as or subsequent to the expiration date of the offsetting short calls (or short puts).

(A) When the nominal exercise price of the long call options (or short put options) is less than or equal to the nominal exercise price of the offsetting short call options (or long put options), no margin is required.

(B) When the nominal exercise price of the long call options (or short put options) is greater than the nominal exercise price of the offsetting short call options (or long put options), margin is required equal to the difference in nominal exercise prices multiplied by the principal amount of the underlying Government securities covered by the options. The amount of margin required by this subparagraph (c)(4)(B) may be adjusted by the Exchange to reflect market conditions or other factors.

(5) *Short put and short call*. This subparagraph (c)(5) applies to accounts carrying positions in short put options which are offset by positions in short call options for the same principal amount of Government securities. The margin required for such a position shall be the margin required for the short put option contract or the margin required for the short call option contract, whichever is greater, plus the current market value of the other contract.

(d) Recognized Government securities dealers who report to the Market Statistics Division of the Federal Reserve Bank of New York may extend credit to any customer with respect to positions in Government securities on a mutually agreed upon basis; provided, however, that if the amount of margin agreed upon is less than the proprietary haircut deductions required for such positions under SEC Rule 15c3-1, subparagraph (c)(2)(vi)(A), then a deduction in computing the dealer's net capital must be made to the extent that the equity in the customer's account is less than the amount of such proprietary haircut deductions.

(e) No margin is required in respect of Government security options carried in a short position where the customer has delivered, within five full business days after the options are written, to the TPH organization with which such position is maintained a custodial or Treasury security escrow receipt or letter of guarantee, in a form satisfactory to the Exchange, issued by a bank pursuant to specific authorization from the customer which certifies that:

(1) in the case of a custodial or Treasury security escrow receipt (covering calls), the bank maintains an Exchange approved position in a Government security, as specified in Exchange interpretation .02 below, for the account of the customer, and the bank certifies that the bank will deliver the underlying Government securities at the order of the TPH organization against payment of the exercise price of the calls in accordance with the terms of the custodial receipt; or

(2) in the case of a letter of guarantee (covering puts), the bank holds cash for the account of the customer which the bank will pay to the TPH organization against delivery of the underlying Government securities in accordance with the terms of the letter of guarantee.

Rule 10.12 supplements Chapter 10.

Interpretations and Policies

.01 For purposes of Rule 10.12(f), the term "bank" shall mean a bank or trust company supervised and examin0ed by a State or Federal bank regulatory authority.

.02 Exchange approved Treasury bonds (notes) other than the underlying Treasury bond (note) may collateralize a Treasury security escrow receipt (covering calls), provided that the bonds have at least fifteen (15) years (notes have in excess of one (1) year and no more than five (5) years, three (3) months) until the callable or maturity date, and that bonds (notes) of a single coupon/maturity are held in escrow against one specific option contract. The amount of surrogate Treasury bonds (notes) needed to collateralize a Treasury security escrow receipt is determined by multiplying $100,000 per contract by the Exchange approved conversion factor, which is the percentage of the face value of the surrogate bond (note) that must be deposited for the principal value of the deliverable bond (note) underlying the option contract.

New issues of U.S. Treasury securities which satisfy this regulation shall be added as they are issued. The Exchange shall have the right to include any new issue meeting the requirements specified above or to further limit any outstanding issue from collateralizing a Treasury security escrow receipt.

[Effective October 7, 2019 (SR-CBOE-2019-069)]

CHAPTER 11. NET CAPITAL REQUIREMENTS

Rule 11.1. Minimum Requirements

Each Trading Permit Holder or TPH organization subject to Rule 15c3-1 promulgated under the Securities Exchange Act of 1934 shall comply with the capital requirements prescribed therein and with the additional requirements of this Chapter 11.

[Effective October 7, 2019 (SR-CBOE-2019-066)]

Rule 11.2. "Early Warning" Notification Requirements

Every Trading Permit Holder or TPH organization subject to the reporting or notification requirements of Rule 17a-11 promulgated under the Securities Exchange Act of 1934 or the "early warning" reporting, business restriction or business reduction requirements of another national securities exchange, registered securities association or registered securities clearing organization shall promptly notify the Exchange in writing and shall thereafter file with the Exchange such reports and financial statements as may be required by an officer of the Exchange.

[Effective October 7, 2019 (SR-CBOE-2019-066)]

Rule 11.3. Power of President to Impose Restrictions

Whenever it shall appear to the President of the Exchange that a TPH organization obligated to give notice to the Exchange under Rule 11.2 is unable within a reasonable period to reduce the ratio of its aggregate indebtedness to net capital, or to increase its net capital, to a point where it is no longer subject to such notification obligations, or that such TPH organization is engaging in any activity which casts doubt upon its continued compliance with the net capital requirements the President may impose such conditions and restrictions upon the operations, business and expansion of such TPH organization and may require the submission of, and adherence to, such plan or program for the correction of such situation as he determines to be necessary or appropriate for the protection of investors, other Trading Permit Holders and the Exchange.

[Effective October 7, 2019 (SR-CBOE-2019-066)]

Rule 11.4. Joint Back Office Participants

(a) *Requirements for Joint Back Office Participants*. Every Trading Permit Holder or TPH organization that maintains a joint back office ("JBO") arrangement with a clearing broker dealer subject to the requirements of Regulation T Section 220.7 of the Federal Reserve System shall comply with the requirements prescribed below:

(1) Each JBO participant must be registered as a broker-dealer pursuant to Section 15 of the Exchange Act and subject to the capital requirements prescribed by Rule 15c3-1 therein; and shall not be eligible to operate under the provisions of SEC Rule 15c3-1(b)(i).

(2) Each JBO participant must meet and maintain a minimum account equity requirement of$1,000,000 with each clearing broker-dealer where a JBO account is carried. If equity is

below $1,000,000 the carrying organization must issue a call for additional funds or securities which shall be obtained within five business days. If funds or securities sufficient to eliminate the deficiency are not received within 5 business days, the carrying organization must margin the account in accordance with the requirements prescribed for a customer in Regulation T and Rule 10.3.

(3) Each JBO participant must meet and maintain the ownership standards established by the clearing broker-dealer; and

(4) Each JBO participant must employ (or have access to) a qualified Series 27 principal.

(b) *Requirements for Clearing Trading Permit Holders Carrying the Accounts of JBO Participants*. Every Clearing Trading Permit Holder carrying JBO accounts in accordance with Regulation T, Section 220.7 of the Federal Reserve Board is subject to the requirements outlined below:

(1) Each TPH organization which carries JBO accounts shall not allow its (A) tentative net capital to fall below $25 million; or in the alternative its (B) net capital to fall below $7 million for a period in excess of three (3) consecutive business days, provided that the broker- dealer has as its primary business the clearance of options market maker accounts and provided that at least 60% of the sum of gross haircuts calculated for all options market maker and JBO participant accounts, without regard to related account equity or Clearing Trading Permit Holder net capital charges, is attributable to options market maker transactions. In addition, the firm operating pursuant to (B) must include the gross deductions calculated for all JBO participant accounts in the Clearing Trading Permit Holder's ratio of gross options market maker deductions to adjusted net capital in accordance with the provisions of SEC Rule 15c3-1.

(2) Each TPH organization which maintains JBO accounts shall require and maintain equity of $1,000,000 for each participant, over all related accounts. If equity is below $1,000,000 the carrying organization must issue a call for additional funds or securities which shall be obtained within five business days. If funds or securities sufficient to eliminate the deficiency are not received within 5 business days, the carrying organization must margin the account in accordance with the requirements prescribed for a customer in Regulation T and Rule 10.3.

(3) Each TPH organization which maintains JBO accounts shall adjust its net worth daily by deducting any deficiency between a JBO participant's account equity and the proprietary haircut calculated pursuant to SEC Rule 15c3-1 for the positions maintained in such account.

(4) Each TPH organization which maintains JBO accounts shall establish and maintain written ownership standards for JBO accounts.

(5) The TPH organization must develop risk analysis standards which are acceptable to the Exchange. At minimum these standards must comply with the requirements of Rule 7.7.

(6) Each TPH organization which maintains JBO accounts must notify its DEA, in writing, of its intention to carry such accounts.

(7) If at any time a Clearing Trading Permit Holder operating pursuant to subparagraphs (1)(A) or (B) above determines that its tentative net capital or that its net capital, respectively, has fallen below the applicable requirements, such Clearing Trading Permit Holder shall immediately notify the Exchange of such deficiency by telegraphic or facsimile notice; and be subject to the prohibitions against withdrawal of equity capital set forth in SEC Rule 15c3-1(e) and to the prohibitions against reduction, prepayment, and repayment of subordination agreements set forth in paragraph (b)(1) of SEC Rule 15c3-1d, as if such broker or dealer's net capital were below the minimum standards specified by each of these paragraphs.

Interpretations and Policies

.01 JBO participants shall not be considered self-clearing for any purpose other than the extension of credit under Rule 10.3 or under the comparable rules of another self regulatory organization.

[Effective October 7, 2019 (SR-CBOE-2019-066)]

Rule 11.5. Customer Portfolio Margin Accounts

(a) No TPH organization that requires margin in any customer accounts pursuant to Rule 10.4 - Portfolio Margin shall permit gross customer portfolio margin requirements to exceed 1,000 percent of its net capital for any period exceeding three business days. The TPH organization shall, beginning on the fourth business day of any non-compliance, cease opening new portfolio margin accounts until compliance is achieved.

(b) If, at any time, a TPH organization's gross customer portfolio margin requirements exceed 1,000 percent of its net capital, the TPH organization shall immediately transmit telegraphic or facsimile notice of such deficiency to the Office of Market Supervision, Division of Market Regulation, Securities and Exchange Commission, 100 F Street, NE, Washington, DC, 20549; to the district or regional office of the Commission for the district or region in which the TPH organization maintains its principal place of business; and to its DEA.

(c) If any customer portfolio margin account becomes subject to a call for additional margin, and all of the additional margin is not obtained by the close of business on T+1, TPH organizations must deduct in computing net capital any amount of the additional margin that is still outstanding until such time as it is obtained or positions are liquidated pursuant to Rule 10.4(i)(1).

[Effective October 7, 2019 (SR-CBOE-2019-066)]

Rule 11.6. Market-Maker Financial Requirements and Arrangements

(a) Each Market-Maker must maintain net capital sufficient to comply with the requirements of Exchange Act Rule 15c3-1. Each Market-Maker that is a Clearing Trading Permit Holder must also maintain net capital sufficient to comply with the requirements of the Clearing Corporation.

(b) Each Market-Maker who makes an arrangement to finance its transactions as a Market-Maker must identify to the Exchange the source of the financing and its terms. The Exchange must be informed immediately of the intention of any party to terminate or change any such arrangement.

[Effective October 7, 2019 (SR-CBOE-2019-059)]

CHAPTER 12. SUMMARY SUSPENSION

Rule 12.1. Imposition of Suspension

A Trading Permit Holder or person associated with a Trading Permit Holder who has been and is expelled or suspended from any self-regulatory organization or barred or suspended from being associated with a Trading Permit Holder of any self-regulatory organization, or a Trading Permit Holder which is in such financial or operating difficulty that the Chief Executive Officer or the President determines that the Trading Permit Holder cannot be permitted to continue to do business as a Trading Permit Holder with safety to investors, creditors, other Trading Permit Holders, or the Exchange, may be summarily suspended by the Chief Executive Officer or the President. In addition, the Chief Executive Officer or the President may limit or prohibit any person with respect to access to services offered by the Exchange if any of the criteria or the foregoing sentence is applicable to such person or, in the case of a person who is not a Trading Permit Holder, if the Chief Executive Officer or the President determines that such person does not meet the qualification requirements or other prerequisites for such access with safety to investors, creditors, Trading Permit Holders, or the Exchange. In the event a determination is made to take summary action, as described above, notice thereof will be sent to the Securities and Exchange Commission. Any person aggrieved by any summary action taken under this Rule shall be promptly afforded an opportunity for a hearing by the Exchange in accordance with the provisions of Chapter 15. In addition, the Securities and Exchange Commission may on its own motion order or such a person may apply to the Securities and Exchange Commission for a stay of such summary action pending the results of a hearing pursuant to Chapter 15.

[Effective October 7, 2019 (SR-CBOE-2019-067)]

Rule 12.2. Investigation Following Suspension

Every Trading Permit Holder or person associated with a Trading Permit Holder against which action has been taken in accordance with the provisions of this Chapter shall immediately afford every facility required by the Exchange for the investigation of his affairs and shall forthwith file with the Secretary a written statement covering all information requested, including a complete list of creditors and the amount owing to each and a complete list of each open long and short position in Exchange option contracts maintained by the Trading Permit Holder and each of his customers. The foregoing includes, without limitation, the furnishing of such of the books and records of the Trading Permit Holder or person associated with a Trading Permit Holder and the giving of such sworn testimony as may be requested by the Exchange.

[Effective October 7, 2019 (SR-CBOE-2019-067)]

Rule 12.3. Reinstatement

(a) *General*. A Trading Permit Holder, person associated with a Trading Permit Holder or other person suspended or limited or prohibited with respect to access to services offered by the Exchange under the provisions of this Chapter may apply for reinstatement within the time period set forth below. The Exchange may approve an application for reinstatement if it finds that the applicant is operationally and financially able to conduct his business with safety to investors, creditors, Trading Permit Holders, and the Exchange.

(b) *Suspension Due to Operating Difficulty*. An applicant who, by reason of operating difficulty, has been suspended or limited or prohibited with respect to Exchange services, must file any application for reinstatement within six months from the date of such action. Such application must include a statement of all actions taken by the applicant to remedy the operational difficulty in question. If the applicant fails to receive the Exchange approval required for reinstatement, or if the application is not approved by the Exchange within ninety days of its submission, the applicant shall be afforded an opportunity for a hearing in accordance with the provisions of Chapter 15.

(c) *Suspension Due to Financial Difficulty*. An applicant who, by reason of financial difficulty, has been suspended or limited or prohibited with respect to Exchange services, must file any application for reinstatement within thirty days of such action. Such application must include a list of all creditors of the applicant, a statement of the amount originally owing and the nature of the settlement in each case, and such other information as may be requested by the Exchange. The Trading Permit of a Trading Permit Holder summarily suspended by reason of financial difficulty may not be revoked by the Exchange until that Trading Permit Holder has been afforded an opportunity for a hearing respecting such summary suspension pursuant to the provisions of Chapter 15.

[Effective October 7, 2019 (SR-CBOE-2019-067)]

Rule 12.4. Failure to Obtain Reinstatement

If a Trading Permit Holder suspended under the provisions of this Chapter fails or is unable to apply for reinstatement in accordance with Rule 12.3, or fails to obtain reinstatement as therein provided, his Trading Permit shall be revoked by the Exchange.

Rule 12.5. Termination of Rights by Suspension

A Trading Permit Holder suspended under the provisions of this Chapter shall be deprived during the term of his suspension of all rights and privileges of being a Trading Permit Holder.

[Effective October 7, 2019 (SR-CBOE-2019-067)]

Rule 12.6. Contracts of Suspended Trading Permit Holders

When a Trading Permit Holder, other than a Clearing Trading Permit Holder, is suspended pursuant to this Chapter 12, all open short positions of the suspended Trading Permit Holder in option contracts and all open positions resulting from exercise of option contracts, other than positions that are secured in full by a specific deposit or escrow deposit in accordance with the Rules of the Clearing Corporation, shall be closed without unnecessary delay by all TPH organizations carrying such positions for the account of the suspended Trading Permit Holder; provided that the Chief Executive Officer or President may cause the foregoing requirement to be temporarily waived for such period as he may determine if he shall deem such temporary waiver to be in the interest of the public or the other Trading Permit Holder. No temporary waiver hereunder by the Chief Executive Officer or President shall relieve the suspended Trading Permit Holder of its obligations or of damages, nor shall it waive the close out requirements of any other Rule. When a Clearing Trading Permit Holder is suspended pursuant to this Chapter 12, the

positions of such Clearing Trading Permit Holder shall be closed out in accordance with the Rules of the Clearing Corporation.

[Effective October 7, 2019 (SR-CBOE-2019-067)]

CHAPTER 13. DISCIPLINE

Rule 13.1. Disciplinary Jurisdiction

(a) A Trading Permit Holder or a person associated with a Trading Permit Holder (the "Respondent") who is alleged to have violated or aided and abetted a violation of any provision of the Exchange Act, the Rules, or the Bylaws, or any interpretation thereof or resolution of the Board of the Exchange regulating the conduct of business on the Exchange shall be subject to the disciplinary jurisdiction of the Exchange under this Chapter, and after notice and opportunity for a hearing may be appropriately disciplined by expulsion, suspension, limitation of activities, functions, and operations, fine, censure, being suspended or barred from being associated with a Trading Permit Holder, suspension or revocation of one or more of the Respondent's Trading Permits or any other fitting sanction, in accordance with provisions of the Chapter.

An individual Trading Permit Holder, nominee or other person associated with a TPH organization may be charged with any violation committed by employees under his supervision or by the TPH organization with which he is associated, as though such violation were his own. A TPH organization may be charged with any violation committed by its employees or by a Trading Permit Holder or other person who is associated with such TPH organization, as though such violation were its own.

(b) Any Trading Permit Holder or person associated with a Trading Permit Holder shall continue to be subject to the disciplinary jurisdiction of the Exchange following such person's termination as a Trading Permit Holder or associated person with respect to matters that occurred prior to such termination or with respect to the failure to honor an arbitration award pursuant to Chapter 14 of the Rules; provided that written notice of the commencement of an inquiry into such matters is given by the Exchange to such former Trading Permit Holder or former associated person within one year of receipt by the Exchange or such other exchange or association recognized for purposes of Rule 3.37 of the latest written notice of the termination of such person's status as a Trading Permit Holder or person associated with a Trading Permit Holder. The foregoing notice requirement does not apply to a person who at any time after a termination again subjects himself to the disciplinary jurisdiction of the Exchange by becoming a Trading Permit Holder or a person associated with a Trading Permit Holder.

Interpretations and Policies

.01 A summary suspension or other action taken pursuant to Chapter 12 of the Rules shall not be deemed to be disciplinary action under this Chapter, and the provisions of this Chapter shall not be applicable to such action.

.02 The notice requirement in paragraph (b) of this Rule shall not apply in instances where the Exchange seeks to act under this Chapter 13 with respect to a former Trading Permit Holder or person associated with a Trading Permit Holder for the failure to honor an arbitration award pursuant to Chapter 14 of the Rules.

[Effective October 7, 2019 (SR-CBOE-2019-068)]

Rule 13.2. Complaint and Investigation

(a) *Initiation of Investigation*. The Regulatory staff, and any successor thereto, shall investigate or examine possible violations within the disciplinary jurisdiction of the Exchange whenever the Regulatory staff determines in its sole discretion there is a reasonable basis for it to do so. The Regulatory staff shall also determine in its discretion whether to investigate or examine any complaint it receives alleging possible violations within the disciplinary jurisdiction of the Exchange, provided such complaint specifies in reasonable detail the facts constituting the violation. Complaints, written or oral, may be submitted by any person or entity, including the Board, Exchange employees, and Trading Permit Holders (the "Complainant").

(b) *Requirement to Furnish Information*. Each Trading Permit Holder and person associated with a Trading Permit Holder shall be obligated upon request by the Exchange to appear and testify, and to respond in writing to interrogatories and furnish documentary materials and other information requested by the Exchange in connection with (1) an investigation initiated pursuant to paragraph (a) of this Rule, (2) a hearing or appeal conducted pursuant to this Chapter or preparation by the Exchange in anticipation of such a hearing or appeal, or (3) an Exchange inquiry resulting from an agreement entered into by the Exchange pursuant to Rule 7.9. No Trading Permit Holder or person associated with a Trading Permit Holder shall impede or delay an Exchange investigation or proceeding conducted pursuant to this Chapter or an Exchange inquiry pursuant to Rule 7.9 nor refuse to comply with a request made by the Exchange pursuant to this paragraph. A Trading Permit Holder or person associated with a Trading Permit Holder is entitled to be represented by counsel during any such Exchange investigation, proceeding or inquiry.

(c) *Report*. Regulatory staff shall have the sole discretion to determine whether to request that the Chief Regulatory Officer ("CRO") authorize the issuance of a statement of charges pursuant to Rule 13.4. In every instance where an investigation has been instituted as a result of a complaint, and in every other instance where an investigation results in the Regulatory staff finding that there are reasonable grounds to believe that a violation has been committed and a formal regulatory action (i.e., a Statement of Charges) is warranted, the Regulatory staff shall submit a written report of its investigation to the CRO. In those instances where an investigation results in the Regulatory staff finding that there are reasonable grounds to believe that a violation has been committed but non-formal regulatory action (i.e., a Letter of Information, a Letter of Caution or a Staff Interview) is warranted in lieu of the issuance of a statement of charges, the Regulatory staff may in its sole discretion determine to impose such non-formal regulatory action without the submission of a written report of its investigation to the CRO. In the event the Regulatory staff finds that there are not reasonable grounds to believe that a violation has been committed, the Regulatory staff may in its sole discretion determine to close the investigation (i.e., File Without Action) without the submission of a written report of its investigation to the CRO.

(d) *Notice, Statement and Access*. Prior to submitting its report, the Regulatory staff shall notify the person(s) who is the subject of the report (hereinafter Subject) of the general nature of the allegations and of the specific provisions of the Exchange Act, rules and regulations promulgated thereunder, Bylaws or Rules of the Exchange or any interpretation thereof or any resolution of the Board regulating the conduct of business on the Exchange, that appear to have been violated. Except when the CRO determines that expeditious action is required, a Subject shall have 25 days from the date of the notification described above to submit a written statement to the CRO

concerning why no disciplinary action should be taken. To assist a Subject in preparing such a written statement, the Subject shall have access to any documents and other materials in the investigative file of the Exchange that were furnished by the Subject or the Subject's agents. The 25-day period to submit a written statement shall toll while any request for access to the investigative file pursuant to this section is pending.

Interpretations and Policies

.01 Failure to furnish testimony, documentary evidence or other information requested by the Regulatory staff in the course of an Exchange inquiry, investigation, hearing or appeal conducted pursuant to this Chapter or in the course of preparation by the Regulatory staff in anticipation of such a hearing or appeal on the date or within the time period the Exchange specifies shall be deemed to be a violation of Rule 13.2.

.02 In lieu of, or in addition to, submitting a written statement concerning why no disciplinary action should be taken as permitted by paragraph (d) of this Rule, the Subject may submit a statement in the form of a videotaped response. Except when the CRO determines that expeditious action is required, the Subject shall have 25 days from the date of the notification described in paragraph (d) to submit the videotaped response. Videotaped responses shall not exceed 12 minutes and must be accompanied by a written transcript of the response.

.03 To assist the Regulatory staff in investigating possible violations within the Exchange's disciplinary jurisdiction, Complainants should sign written complaints or identify themselves when making oral complaints pursuant to paragraph (a) of this Rule, and also identify the specific statutes, Bylaws, rules, interpretations or resolutions that allegedly were violated.

.04 In addition to the existing obligation under Exchange rules regarding the production of books and records, each TPH or TPH organization shall furnish upon request, in the manner and standard electronic format prescribed by the Exchange, data concerning orders, transactions, and positions, including related hedges and offsets, in relation to a regulatory review conducted by the Regulatory staff.

.05 References to "Regulatory staff" in Chapter 13 mean the Exchange's employees in the Regulatory Division, and, as applicable, may also mean employees of FINRA who are performing regulatory services to the Exchange in accordance with the regulatory services agreement entered into between the Exchange and FINRA.

[Effective October 7, 2019 (SR-CBOE-2019-068)]

Rule 13.3. Expedited Proceeding

Upon receipt of the notification required by Rule 13.2(d), a Subject may seek to dispose of the matter through a letter of consent signed by the Subject. If a Subject desires to attempt to dispose of the matter through a letter of consent, the Subject must submit to the Regulatory staff within 25 days from the date of the notification required by Rule 13.2(d) a written notice electing to proceed in an expedited manner pursuant to this Rule 13.3. The Subject must then endeavor to reach agreement with the Regulatory staff upon a letter of consent which is acceptable to the Regulatory staff and which sets forth a stipulation of facts and findings concerning the Subject's conduct, the

violation(s) committed by the Subject and the sanction(s) therefor. The matter can only be disposed of through a letter of consent if the Regulatory staff and the Subject are able to agree upon terms of a letter of consent which are acceptable to the staff and the letter is signed by the Subject. At any point in the negotiations regarding a letter of consent, either the Regulatory staff may deliver to the Subject or the Subject may deliver to the staff a written declaration of an end to the negotiations. On delivery of such a declaration the Subject will then have 25 days to submit a written statement pursuant to Rule 13.2(d) and thereafter the Regulatory staff may bring the matter to the CRO for appropriate action. In the event that the Subject and the Regulatory staff are able to agree upon a letter of consent which is acceptable to the Regulatory staff, the Regulatory staff shall submit the letter of consent to the CRO. If the letter of consent is accepted by the CRO, the Exchange shall adopt the letter of consent as its decision and no further action shall be taken against the Subject respecting the matters that are the subject of the letter of consent. If the letter of consent is rejected by the CRO, the matter shall proceed as though the letter of consent had not been submitted. The CRO's decision to accept or reject a letter of consent shall be final, and a Subject may not seek review thereof.

[Effective October 7, 2019 (SR-CBOE-2019-068)]

Rule 13.4. Charges

(a) *Determination Not to Initiate Charges*. In those cases where notice has been provided pursuant to Rule 13.2(d) and whenever it shall appear to the CRO from the report of the Regulatory staff that no probable cause exists for finding a violation within the disciplinary jurisdiction of the Exchange, or if the CRO otherwise determines that no further action is warranted, the CRO shall direct the Regulatory staff to prepare and issue a written statement to that effect setting forth the CRO's reasons for such finding, which shall be sent to the Subject and the Complainant, if any.

(b) *Initiation of Charges*. Whenever it shall appear to the CRO from the report of the Regulatory staff that there is probable cause for finding a violation within the disciplinary jurisdiction of the Exchange and that further proceedings are warranted, the CRO shall direct the Regulatory staff to prepare and issue a statement of charges against the person or organization alleged to have committed a violation (the "Respondent") specifying the acts in which the Respondent is charged to have engaged and setting forth the specific provisions of the Securities Exchange Act of 1934, as amended, rules and regulations promulgated thereunder, Bylaws, rules, interpretations or resolutions of which such acts are in violation. A copy of the charges shall be served upon the Respondent in accordance with Rule 13.12. The Complainant, if any, shall be notified if further proceedings are warranted.

(c) *Access to Documents*. Provided that a Respondent has made a written request for access to documents within 25 days after a statement of charges has been served upon the Respondent in accordance with Rule 13.12, the Respondent shall have access to all documents concerning the case that are in the investigative file of the Exchange except for Regulatory staff investigation and examination reports and materials prepared by the Regulatory staff in connection with such reports or in anticipation of a disciplinary hearing. In providing such documents, the Regulatory staff may protect the identity of a Complainant.

[Effective October 7, 2019 (SR-CBOE-2019-068)]

Rule 13.5. Answer

The Respondent shall have 25 days after service of the charges to file a written answer thereto. The answer shall specifically admit or deny each allegation contained in the charges, and the Respondent shall be deemed to have admitted any allegation not specifically denied. The answer may also contain any defense which the Respondent wishes to submit and may be accompanied by documents in support of the Respondent's answer or defense. In the event the Respondent fails to file an answer, the charges shall be considered to be admitted. The 25-day period to submit a written answer shall toll while any request for access to the investigative file pursuant to Rule 13.4(c) is pending.

[Effective October 7, 2019 (SR-CBOE-2019-068)]

Rule 13.6. Hearing

(a) *Participants*. Subject to Rule 13.7 of this Chapter concerning summary proceedings, a hearing on the charges shall be held before a panel of either three or five members of the Business Conduct Committee ("BCC") selected by the Chairperson of the BCC. The selected members of the BCC shall exercise the authority of the BCC in respect of matters pertaining to the hearing and for purposes of this Chapter shall be referred to as the "Hearing Panel." The Exchange and the Respondent shall be the parties to the hearing. Where a TPH organization is a party, it shall be represented by one of the TPH organization's Responsible Persons or nominees at the hearing. BCC Counsel may assist the Hearing Panel in preparing its written recommendations or judgments.

(1) *Impartiality of Hearing Panel Members*. When any member of the Hearing Panel considers a disciplinary matter they are expected to function impartially and independently of the staff members who prepared and prosecuted the charges. If at any time a member of the Hearing Panel determines that they have a conflict of interest or bias or circumstances otherwise exist where their fairness might reasonably be questioned, the applicable member of the Hearing Panel shall notify the Chairperson of the BCC who shall issue and serve on the Parties a notice stating that the Hearing Panel member has withdrawn from the matter. In the event that a member of a Hearing Panel withdraws, is incapacitated, or otherwise is unable to continue service after being appointed, the Chairperson of the BCC shall appoint a replacement to serve on the Hearing Panel.

(2) *Motions for Disqualification*. Within 15 days of the appointment of the Hearing Panel, the Respondent may move for disqualification of any member of the Hearing Panel sitting on such Panel based upon bias or conflict of interest. Such motions shall be made in writing and state with specificity the facts and circumstances giving rise to the alleged bias or conflict of interest. The motion papers shall be filed with the Chairperson of the BCC. The Exchange may file a brief in opposition to the Respondent's motion within 15 days of service thereof.

(3) *Rulings on Motions for Disqualification*. The Hearing Panel, excluding the applicable member of the Hearing Panel at issue, shall rule upon such motion no later than 30 days from filing by the Respondent. Prior adverse rulings against the Respondent or

Respondent's attorney in other matters shall not, in and of themselves, constitute grounds for disqualification. If the Hearing Panel believes the Respondent has provided satisfactory evidence in support of the motion to disqualify, the applicable member of the Hearing Panel shall remove themselves and request the Chairperson of the BCC to reassign the hearing to another member of the BCC. If the Hearing Panel determines that the Respondent's grounds for disqualification are insufficient, it shall deny the Respondent's motion for disqualification by setting forth the reasons for the denial in writing and the Hearing Panel will precede with the hearing. The ruling by the Hearing Panel on such motions shall not be subject to interlocutory review.

(b) *Prehearing Procedures*. Parties shall be given at least 15 business days' notice of the time and place of the hearing. Hearings are typically held in Chicago, but, the Hearing Panel may decide to hold a hearing outside of Chicago to accommodate the parties, witnesses, Exchange staff, or the Hearing Panel members. Not less than ten (10) business days in advance of the scheduled hearing date, each party shall furnish to the Hearing Panel and to the other parties copies of all documentary evidence such party intends to present at the hearing and a list containing the names of all witnesses the party intends to present at a hearing. Where time and the nature of the proceeding permit, the parties shall meet in a pre-hearing conference for the purpose of clarifying and simplifying issues and otherwise expediting the proceeding. At such pre-hearing conference, the parties shall attempt to reach agreement respecting authenticity of documents, facts not in dispute, and any other items which will serve to expedite the hearing of the matter. At the request of any party, the Hearing Panel or Hearing Panel Chairperson shall hear and decide all pre-hearing issues not resolved among the parties. Interlocutory Board review of any decision made by the Hearing Panel prior to completion of the hearing is generally prohibited. Such interlocutory review shall be permitted only if the Hearing Panel agrees to such review after determining that the issue is a controlling issue of rule or policy and that immediate Board review would materially advance the ultimate resolution of the case.

(c) *Conduct of Hearing*. The Hearing Panel shall determine all questions concerning the admissibility of evidence and shall otherwise regulate the conduct of the hearing. Formal rules of evidence shall not apply. The charges shall be presented by a representative of the Exchange who, along with Respondent and any other party, may present evidence and produce witnesses who shall testify under oath and are subject to being questioned by the Hearing Panel and the other parties. The Respondent and intervening parties are entitled to be represented by counsel who may participate fully in the hearing. A transcript of the hearing shall be made and shall become part of the record.

(d) *Documents and Witnesses*. The Hearing Panel may request the production of documentary evidence and witnesses. If the Exchange, a Trading Permit Holder, or a person associated with a Trading Permit Holder will not voluntarily produce non-privileged documents or hearing witnesses the Respondent has requested, the Respondent may submit a written request to the Hearing Panel asking the Hearing Panel to enter an order compelling the production of non-privileged documents by the Exchange, the Trading Permit Holder, or associated person or compelling the testimony of the Trading Permit Holder, associated person, or a person within the Exchange's control. Before entering such order, the Hearing Panel must hear any objections raised by Exchange staff to the issuance of such an order. When deciding whether to issue the requested order, the Hearing Panel shall weigh the probative value of the documents or testimony against considerations such as

undue delay, waste of time, confusion, unfair prejudice or needless presentation of cumulative evidence. As a condition to issuing such an order, the Hearing Panel may require the Respondent to pay the costs of complying with the requested order including a witness's travel expenses. No Trading Permit Holder or person associated with a Trading Permit Holder shall refuse to furnish relevant testimony, documentary materials or other information requested or ordered by the Hearing Panel.

Interpretations and Policies

.01 *Intervention*. Any person not otherwise a party may intervene as a party to the hearing upon demonstrating to the satisfaction of the Hearing Panel that that person has an interest in the subject of the hearing and that the disposition of the matter, may, as a practical matter, impair or impede that person's ability to protect that interest. Also, the Hearing Panel may in its discretion permit a person to intervene as a party to the hearing when the person's claim or defense and the main action have questions of law or fact in common. Any person wishing to intervene as a party to a hearing shall file with the Hearing Panel a notice requesting the right to intervene, stating the grounds therefor, and setting forth the claim or defense for which intervention is sought.

.02 The Hearing Panel, in exercising its discretion concerning intervention shall take into consideration whether the intervention will unduly delay or prejudice the adjudication of the rights of the original parties.

.03 Subject to Rule 13.7, the CRO shall have the authority to direct that a hearing be scheduled at any time, after the period to answer pursuant to Rule 13.5 has elapsed.

[Effective October 7, 2019 (SR-CBOE-2019-068)]

Rule 13.7. Summary Proceedings

Notwithstanding the provision of Rule 13.6 of this Chapter, the CRO may make a determination without a hearing and may impose a penalty as to violations which the Respondent has admitted or has failed to answer or which otherwise do not appear to be in dispute. Notice of such summary determination, specifying the violations and penalty, shall be served upon the Respondent, who shall have ten (10) business days from the date of service to notify the CRO that the Respondent desires a hearing upon all or a portion of any charges not previously admitted or upon the penalty. Failure to so notify the CRO shall constitute admission of the violations and acceptance of the penalty as determined by the CRO and a waiver of all rights of review. If the Respondent requests a hearing, the matters which are the subject of the hearing shall be handled as if the summary determination had not been made.

[Effective October 7, 2019 (SR-CBOE-2019-068)]

Rule 13.8. Offers of Settlement

(a) *Submission of Offer*. At any time following the date of service of a statement of charges upon the Respondent in accordance with Rule 13.12, the Respondent may submit to the CRO a written offer of settlement, signed by the Respondent, which shall contain a proposed stipulation of facts and shall consent to a specified sanction. Where the CRO accepts an offer of settlement, the CRO

shall issue a decision, including findings and conclusions and imposing a sanction, consistent with the terms of such offer. Where the CRO rejects an offer of settlement, it shall notify the Respondent and the matter shall proceed as if such offer had not been made, and the offer and all documents relating thereto shall not become part of the record. A decision of the CRO issued upon acceptance of an offer of settlement as well as the determination of the CRO whether to accept or reject such an offer shall be final, and the Respondent may not seek review thereof.

(b) *Submission of Statement*. A Respondent may submit with an offer of settlement a written statement in support of the offer. In addition, if the Regulatory staff will not recommend acceptance of an offer of settlement to the CRO, a Respondent shall be notified and may appear before the CRO to make an oral statement in support of the offer. Finally, if the CRO rejects an offer that the Regulatory staff supports, a Respondent may appear before the CRO to make an oral statement concerning why the Respondent believes the CRO should change the CRO's decision and accept the Respondent's offer. A Respondent must make a request for such an appearance within five (5) days of being notified that the Respondent's offer was rejected or that Regulatory staff will not recommend acceptance.

Interpretations and Policies

.01 Unless the CRO shall otherwise order, a Respondent shall be entitled to submit to the CRO a maximum of two written offers of settlement in connection with the statement of charges issued to that Respondent pursuant to Rule 13.4(b).

.02 Subject to Interpretation and Policy .01, a Respondent may propose a written offer of settlement during the course of any proceeding under this Chapter. If the Respondent wants to submit an offer of settlement subsequent to a hearing being scheduled pursuant to Rule 13.6, the Hearing Panel shall grant the parties leave from the hearing for the offer of settlement to be presented to the CRO for consideration under paragraph (a) of this rule.

[Effective October 7, 2019 (SR-CBOE-2019-068)]

Rule 13.9. Decision

Following a hearing conducted pursuant to Rule 13.6 of this Chapter, the Hearing Panel shall issue a decision in writing, based solely on the record, determining whether the Respondent has committed a violation and imposing the sanction, if any, therefor. The decision shall include a statement of findings and conclusions, with the reasons therefor, upon all material issues presented on the record. Where a sanction is imposed under Rule 13.11, the decision shall include a statement specifying the acts or practices in which the Respondent has been found to have engaged, the specific provisions of the Securities Exchange Act of 1934, as amended, rules and regulations promulgated thereunder, Bylaws, rules, interpretations or resolutions of the Exchange of which the acts are deemed to be in violation, and a statement of the sanctions imposed and the reasons therefor. The Respondent and the Regulatory Division shall be promptly sent a copy of the decision. After Board review pursuant to Rule 13.10, or the time for such review has expired, the decision will be considered final, and the Exchange shall post the complete decision on the Cboe Options website.

[Effective October 7, 2019 (SR-CBOE-2019-068)]

Rule 13.10. Review

(a)

(1) *Petition*. Both the Respondent and the Regulatory Division shall have 15 days after service of notice of the decision made pursuant to Rule 13.9 of this Chapter to petition for review of the decision by filing a copy of the petition with the Secretary of the Exchange ("Secretary") and with all other parties to the hearing. Such petition shall be in writing and shall specify the findings and conclusions to which exceptions are taken together with reasons for such exceptions. Any objections to a decision not specified by written exception shall be considered to have been abandoned.

(b) *Written Submissions*. Within 15 days after a petition for review has been filed with the Secretary of the Exchange pursuant to paragraph (a)(1) of this Rule, the other parties to the hearing may each submit to the Secretary a written response to the petition. A copy of the response must be served upon the petitioner. The petitioner has 15 days from the service of the response to file a reply with the Secretary and the other parties to the hearing.

(b) *Conduct of Review*. The review shall be conducted by the Board or a committee of the Board composed of at least three Directors whose decision must be ratified by the Board. Any Director who participated in a matter before the Hearing Panel or other Committee may not participate in any review of that matter by the Board. Unless the Board shall decide to open the record for the introduction of evidence or to hear argument, such review shall be based solely upon the record and the written exceptions filed by the parties. New issues may be raised by the Board; the parties to the hearing shall be given notice of and an opportunity to address any such new issues. The Board may affirm, reverse or modify, in whole or in part, the decision of the Hearing Panel. Such modification may include an increase or decrease of the sanction. The decision of the Board shall be in writing, shall be promptly served on the Respondent and the Regulatory Division, and shall be final.

(c) *Review on Motion of Board*. The Board may on its own initiative order review of a decision made pursuant to Rule 13.7 or 13.9 of this Chapter within 30 days after notice of the decision has been served on the Respondent and the Regulatory Division. Such review shall be conducted in accordance with the procedure set forth in paragraph (b) of this Rule.

[Effective October 7, 2019 (SR-CBOE-2019-068)]

Rule 13.11. Judgment and Sanction

(a) *Sanctions*. Trading Permit Holders and persons associated with Trading Permit Holders shall (subject to any rule or order of the Securities and Exchange Commission) be appropriately disciplined by the Hearing Panel or the CRO, as applicable, for violations under these Rules by expulsion, suspension, limitation of activities, functions and operations, fine, censure, being suspended or barred from being associated with a Trading Permit Holder, suspension or revocation of one or more Trading Permits, or any other fitting sanction.

(b) *Effective Date of Judgment*. Sanctions imposed under this Chapter shall not become effective until the Exchange review process is completed or the decision otherwise becomes final. Pending

effectiveness of a decision imposing a sanction on the Respondent, the Hearing Panel or the CRO, as applicable, may impose such conditions and restrictions on the activities of the Respondent as the Hearing Panel or the CRO, as applicable, considers reasonably necessary for the protection of investors and the Exchange.

Interpretations and Policies

.01 To promote consistency and uniformity in the imposition of penalties, the following Principal Considerations in Determining Sanctions should be considered in connection with the imposition of sanctions in all cases in determining appropriate remedial sanctions through the resolution of disciplinary matters through offers of settlement or after formal disciplinary hearings.

Principal Considerations In Determining Sanctions

(a) Disciplinary sanctions are remedial in nature. The Hearing Panel or the CRO, as applicable, should design sanctions to prevent and deter future misconduct by wrongdoers, to discourage others from engaging in similar misconduct, and to improve overall business standards of Cboe Options Trading Permit Holders. Pursuant to Exchange Rule 13.11, the Hearing Panel or the CRO, as applicable, may impose sanctions including expulsion, suspension, limitation of activities, fine, censure, suspension or revocation of one or more Trading Permits, or any other fitting sanction.

(b) An important objective of the disciplinary process is to deter future misconduct by imposing progressively escalating sanctions on recidivists. The Hearing Panel or the CRO, as applicable, should consider a party's relevant disciplinary history in determining sanctions.

(c) Relevant Precedent. The Hearing Panel or the CRO, as applicable, should consider prior similar disciplinary decisions (relevant precedent) in determining an appropriate sanction and may consider relevant precedent from other self-regulatory organizations.

(d) The Hearing Panel or the CRO, as applicable, should tailor sanctions to address the misconduct at issue. The Hearing Panel or the CRO, as applicable, should impose sanctions tailored to the misconduct at issue. For example, the Hearing Panel or the CRO, as applicable, may require a Trading Permit Holder or TPH organization to, among other things: retain a qualified independent consultant to improve future compliance with regulatory requirements; disclose disciplinary history to new and/or existing clients; implement heightened supervision of certain employees; or requalify by examination in any or all registered capacities.

(e) Aggregation of violations may be appropriate in certain instances for purposes of determining sanctions. The Hearing Panel or the CRO, as applicable, may aggregate individual violations of particular rules and treat such violations as a single offense for purposes of determining sanctions. Aggregation may be appropriate when the Exchange utilizes a comprehensive surveillance program in the detection of potential rules violations. Aggregation may also be appropriate where the Exchange has reviewed activity over an extensive time period during the course of an investigation of matters disclosed either through a routine examination of the Trading Permit Holder or as the result of a complaint. Similarly, where no exceptional circumstances are present, the Exchange may impose a fine based upon a determination that there exists a pattern or practice of violative conduct. The Exchange also may aggregate similar violations generally if the conduct

was unintentional, there was no injury to public investors, or the violations resulted from a single systemic problem or cause that has been corrected.

(f) The Hearing Panel or the CRO, as applicable, should evaluate appropriateness of disgorgement and/or restitution. The Hearing Panel or the CRO, as applicable, should evaluate the appropriateness of disgorgement and/or restitution in those cases where the amount of harm is quantifiable and the harmed party is identifiable.

(g) The Hearing Panel or the CRO, as applicable, should consider contributions or settlements by a respondent or any related Trading Permit Holder or TPH organization to the harmed party as it relates to the conduct that is the subject of the disciplinary matter.

(h) The Hearing Panel or the CRO, as applicable, may consider a party's inability to pay in connection with the imposition of monetary sanctions.

[Effective October 7, 2019 (SR-CBOE-2019-068)]

Rule 13.12. Service of Notice

Any charges, notices or other documents may be served upon the Respondent either personally or by leaving the same at the Respondent's place of business or by deposit in the United States post office, postage prepaid via registered or certified mail addressed to the Respondent at the Respondent's address as it appears on the books and records of the Exchange. If service is made by registered or certified mail, three days shall be added to the prescribed period for response.

[Effective October 7, 2019 (SR-CBOE-2019-068)]

Rule 13.13. Extension of Time Limits

Any time limits imposed under this Chapter for the submission of answers, petitions or other materials may be extended by permission of the authority at the Exchange to or by whom such materials are to be submitted.

[Effective October 7, 2019 (SR-CBOE-2019-068)]

Rule 13.14. Reporting to the Central Registration Depository

The Exchange shall report to the Central Registration Depository ("CRD") the following information concerning formal Exchange disciplinary proceedings: (i) the issuance of a statement of charges pursuant to Exchange Rule 13.4(b) and (ii) all significant changes in the status of such proceedings while such proceedings are pending.

Interpretations and Policies

.01 For the purposes of this Rule:

(a) A formal Exchange disciplinary proceeding shall be considered to be pending from the time that a statement of charges is issued in such proceeding pursuant to Exchange Rule 13.4(b) until the outcome of the proceeding becomes final.

(b) An Exchange disciplinary proceeding shall be considered to be a formal disciplinary proceeding if it is initiated by the Exchange pursuant to Exchange Rule 13.2 et seq.

(c) Significant changes in the status of a formal Exchange disciplinary proceeding shall include, but not be limited to, the scheduling of a disciplinary hearing, the issuance of a decision by the Hearing Panel or CRO, as applicable, the filing of an appeal to the Board of Directors of the Exchange, and the issuance of a decision by the Board of Directors of the Exchange.

[Effective October 7, 2019 (SR-CBOE-2019-068)]

Rule 13.15. Imposition of Fines for Minor Rule Violations

(a) In lieu of commencing a disciplinary proceeding pursuant to Exchange Rule 13.2 et seq., the Exchange may, subject to the requirements set forth herein, impose a fine, not to exceed $5,000, on any Trading Permit Holder or person associated with or employed by a Trading Permit Holder with respect to any rule violation listed in section (g) of this Rule. For purposes of imposing fines pursuant to Rule 13.15(g)(4) and (g)(5), the Exchange may aggregate individual violations of particular rules and treat such violations as a single offense, provided that such aggregation is based upon a comprehensive automated surveillance program. In other instances, the Exchange may, if no exceptional circumstances are present, impose a fine based upon a determination that there exists a pattern or practice of violative conduct. The Exchange also may aggregate similar violations generally if the conduct was unintentional, there was no injury to public investors, or the violations resulted from a single systemic problem or cause that has been corrected. Any fine imposed pursuant to this Rule that (1) does not exceed $2,500 and (2) is not contested, shall be reported by the Exchange to the Securities and Exchange Commission ("SEC") on a periodic, rather than a current, basis, except as may otherwise be required by Exchange Act Rule 19d-1 and by any other regulatory authority.

(b) In any action taken by the Exchange pursuant to this Rule, any person against whom a fine is imposed shall be served, as provided in Exchange Rule 13.12, with a written statement, prepared by the Exchange, setting forth: (1) the rule(s) allegedly violated; (2) the act or omission constituting each such violation; (3) the fine imposed for each violation; and (4) the date by which such determination becomes final and such fine must be paid or contested as provided below, which date shall be not less than thirty (30) days after the date of service of such written statement. The issuance of a fine, a Trading Permit Holder's failure to contest the fine, or a Trading Permit Holder's submission and/or the Exchange's acceptance of an offer of settlement in accordance with the provisions of Rule 13.15 do not constitute an admission.

(c)

(1) Any person against whom a fine is imposed pursuant to section (g) of this Rule may contest the Exchange's determination by filing with the Office of the Secretary of the Exchange, on or before the date specified pursuant to subsection (b)(4) of this Rule, a written answer as provided in Exchange Rule 13.5, at which point the matter shall become

subject to review by a Hearing Panel. The filing must include a request for a hearing, if a hearing is desired. Hearings will be conducted in accordance with the provisions of Exchange Rule 13.6. If a hearing is not requested, the review will be based on written submissions and will be conducted in a manner to be determined by a Hearing Panel.

(2) If after a hearing or review based on written submissions pursuant to subsection (c)(1) of this Rule the Hearing Panel determines that the conduct serving as the basis for the action under review is in violation of the rule charged, the Hearing Panel (1) may impose any one or more of the disciplinary sanctions authorized by the Exchange's Bylaws and Rules and (2) shall impose a forum fee against the person charged in the amount of one hundred dollars ($100) if the determination was reached without a hearing, or in the amount of three hundred dollars ($300) if a hearing was conducted. However, notwithstanding the foregoing, in the event that the Hearing Panel determines that the person charged has been found to have committed one or more rule violations and the sole disciplinary sanction imposed by the Hearing Panel for such rule violation(s) is a fine which is less than the total fine initially imposed by the Exchange pursuant to this Rule, the Hearing Panel shall have the discretion to waive the imposition of a forum fee.

(3) The committee or department of the Exchange that commenced the action under this Rule, the person charged, and the Board of Directors of the Exchange may require a review by the Board of any determination by a Hearing Panel under this Rule by proceeding in the manner described in Exchange Rule 13.10. For the purposes of such an appeal by the committee or department of the Exchange that commenced the action under this Rule, such committee or department of the Exchange shall have the same rights a Respondent under Exchange Rule 13.10.

(4) In the event that a fine imposed pursuant to this Rule is subsequently upheld by a Hearing Panel or, if applicable, on appeal, such fine, plus all interest that has accrued thereon since the date specified pursuant to subsection (b)(4) of this Rule, and any forum fee imposed hereunder, shall be immediately due and payable.

(d) Reserved.

(e) Fines imposed pursuant to this Rule shall be billed to the Clearing Trading Permit Holder previously designated by the person fined pursuant to Exchange Rule 2.3. Fines billed to a Clearing Trading Permit Holder shall be collected by the Exchange by drafting the appropriate Clearing Trading Permit Holder's account at the Clearing Corporation. The amount of such fine shall be an obligation payable to the Exchange by the billed Clearing Trading Permit Holder regardless of whether the Clearing Trading Permit Holder actually collected the fine from the person against whom the fine was imposed; provided that, if as of the billing date, (1) the person against whom the fine was imposed does not have an active account with the billed Clearing Trading Permit Holder, or (2) the equity in such person's account with that Clearing Trading Permit Holder is less than the amount of the fine, and the Clearing Trading Permit Holder notifies the Exchange in writing within fifteen (15) days after the billing date that the condition described in subsection (1) or (2) hereof exists, the Exchange shall bill such person directly. In the event that the person against whom the fine is imposed contests the fine within the time period specified pursuant to this Rule,

but after the fine has been collected pursuant to this section (e), the Exchange shall promptly refund to the applicable Clearing Trading Permit Holder's account the amount collected.

(f) The Exchange shall issue regulatory circulars to the Trading Permit Holders from time to time listing the Exchange Bylaws and rule provisions as to which the Exchange may impose fines as provided by this Rule. Such list shall indicate the specific dollar amount that may be imposed as a fine hereunder with respect to any violation of any such rule. The fines authorized below for violations of a first or second offense may be imposed in the case of a first or second offense if warranted under the circumstances. Nothing in this Rule shall require the Exchange to impose a fine pursuant to this Rule with respect to the violation of any rule included in any such listing. In addition, the Exchange may, whenever it determines that any violation is intentional, egregious, or otherwise not minor in nature, proceed under the Exchange's formal disciplinary rules as set forth in Exchange Rule 13.2 et seq., rather than under this Rule.

(g) The following is a list of the rule violations subject to, and the applicable fines that may be imposed by the Exchange pursuant to, this Rule:

(1) Violation of position and exercise limit rules. (Rule 8.30 and Rule 8.42)

* A violation that consists of (A) a 1 trade date overage, (B) a consecutive string of trade date overage violations where the position does not change or where a steady reduction in the overage occurs, or (C) a consecutive string of trade date overage violations resulting from other mitigating circumstances, may be deemed to constitute one offense, provided that the violations are inadvertent.

Number of Cumulative Violations In Any Twenty-Four (24) Month Rolling Period *	**Fine Amount (imposed on Exchange TPH organization or violations occurring in all other accounts)**
First Offense	$500
Second Offense	$1,000
Third Offense	$2,500
Fourth and Each Subsequent Offense	$5,000

(2) Failure to file Focus reports in a timely manner. (Rule 7.3)

Each Trading Permit Holder shall file with the Exchange a report of financial condition on SEC Form X-17A-5 as required by Exchange Act Rules 17a-5 and 17a-10. Any Trading Permit Holder who fails to file in a timely manner such report of financial condition pursuant to Exchange Act Rules 17a-5 or 17a-10 shall be subject to the following fines:

Days Late	**Sanction**

1 – 30	$200
31 – 60	$400
61 +	$800

(3) Failure to respond in a timely manner to a request for automated submission of trading data ("Blue Sheets"). (Rule 7.5)

Any Trading Permit Holder who fails to respond within ten (10) days to a request by the Exchange for submission of Blue Sheets shall be subject to the following fines:

Number of Violations in Any Twenty-Four Month Period	**Fine Amount**
1st Offense	$2,500
Subsequent Offenses	$5,000

(4) Failure to Submit Trade Information on Time and Failure to Submit Trade Information to the Price Reporter. (Rule 6.1)

A fine shall be imposed upon a Market-Maker or Floor Broker who fails to submit trade information in accordance with Rule 6.1. Such fines shall be imposed on the basis of the following schedule:

* For purposes of this Rule 13.15(g)(4), an "offense" is defined as an instance in which a pattern or practice of late reporting or failure to report without exceptional circumstances has been determined.

Number of Offenses * in Any Rolling Twenty-Four Month Period	**Fine Amount**
1st Offense	$1,000 - $2,500
2nd Offense	$2,000 - $5,000
Subsequent Offenses	$5,000

*A violation that consists of (A) a 1 trade date overage, (B) a consecutive string of trade date overage violations where the position does not change or where a steady reduction in the overage occurs, or (C) a consecutive string of trade date overage violations resulting

from other mitigating circumstances, may be deemed to constitute one offense, provided that the violations are inadvertent.

(5) A fine shall be imposed upon a Market-Maker or Floor Broker in accordance with the fine schedule set forth below for the following conduct [1]:

(A) Failure to honor the firm quote requirements of Rules 5.52 and 5.59;

(B) Failure to honor the priority of marketable priority customer orders pursuant to Rules 5.32 and 5.85; and

(C) Failure to use due diligence in the execution of orders for which the floor Trading Permit Holder maintains an agency obligation pursuant to Rule 5.91.

Number of Offenses In Any Rolling Twenty-Four Month "Look-Back" Period	**Fine Amount**
1st Offense	$500 - $1,500
2nd Offense	$1,000 - $3,000
3rd Offense	$2,000 - $5,000
Subsequent Offenses	$3,500 - $5,000

(6) Violations of Trading Conduct and Decorum Policies. (Rule 5.80)

The Exchange's trading conduct and decorum policies shall be distributed to the Trading Permit Holders periodically and shall set forth the specific dollar amounts that may be imposed as a fine hereunder with respect to any violations of those policies. If warranted under the circumstances in the view of two Floor Officials, the fine authorized under those policies for a second, third or subsequent offense may be imposed for a first offense and the fine authorized for a third or subsequent offense may be imposed for a second offense.

(7) Failure to Submit Trade Data on Trade Date ("As of Adds"). (Rule 6.1)

(A) Any individual Trading Permit Holder who fails for more than 5% of the Trading Permit Holder's transactions in any month to submit on the date that a transaction is executed the trade information required by Rule 6.1 shall be subject to the following fines:

Number of Violations In Any Twenty-Four Month Period	**Fine Amount**
1st Offense	Letter of Information

2nd Offense	Letter of Caution
3rd Offense	$500
Subsequent Offenses	$1,000

(B) Under unusual circumstances affecting the ability of a significant number of Trading Permit Holders to submit trade information to the Exchange on a timely basis, the Exchange may suspend application of subsection (g)(7)(a) of this Rule for a period not to exceed seven (7) calendar days at any one time (which may be extended by subsequent suspensions implemented in each case in accordance with the procedures required by this subsection). Such a suspension order, which may be retroactive, shall be in writing and state the reasons therefor. It shall be communicated to the Trading Permit Holders by Exchange publication, which may be issued after the effective date and shall be kept on record by the Secretary of the Exchange.

(8) Violations of Exercise and Exercise Advice Rules for Noncash-Settled Equity Options (Rule 6.20)

Any Trading Permit Holder who fails to submit to the Exchange in a timely manner pursuant to Rule 6.20 or a Regulatory Circular issued pursuant to Rule 6.20, "Advice Cancel", or exercise instruction relating to the exercise or nonexercise of a noncash-settled equity option shall be subject to the following fines:

Number of Violations in in Any Rolling Twenty- Four Month Period	**Individual Fine Amount**	**Member Organization Fine Amount**
1st Offense	$500	$1,000
2nd Offense	$1,000	$2,5000
Subsequent Offenses	$2,5000	$5,000

(9) Violations of Exercise and Exercise Advice Rules for American-Style, Cash-Settled Index Options (Rule 6.20, Interpretation and Policy .03)

A Trading Permit Holder shall be subject to the fines listed below if the Trading Permit Holder commits any of the following violations of Rule 6.20, Interpretation and Policy .03 with respect to an American-style, cash-settled index option: failure to submit an Exercise Advice; the submission of an advice and no subsequent exercise; the submission of an Exercise Advice after the designated cut-off time; the submission of an Exercise Advice

for an amount different than the amount exercised; and the time-stamping of an advice or exercise instruction memorandum prior to purchasing contracts.

Number of Violations in Any Twenty-Four Month Period	**Fine Amount**
1st Offense	$500
2nd Offense	$1,000
3rd Offense	$2,500
Subsequent Offenses	$5,000

(10) Communications to the Exchange or the Clearing Corporation (Rule 8.14)

A fine shall be imposed upon a Trading Permit Holder, person associated with a Trading Permit Holder or applicant for Trading Permit Holder, as applicable, who violates Rule 8.14. Such fines shall be imposed on the basis of the following schedule:

Number of Offenses in any Rolling Twenty-Four Month Period	**Fine Amount**
1st Offense	$500
2nd Offense	$1,000
Subsequent Offenses	$2,500

(11) Trading in Restricted Classes (Rule 4.4)

A fine shall be imposed upon a Trading Permit Holder and/or person associated with a Trading Permit Holder, as applicable, who enters into an opening transaction in a restricted class in violation of Exchange Rule 4.4: Such fines shall be imposed on the basis of the following schedule:

Number of Offenses in any Rolling Twenty-Four Month Period	**Fine Amount**
1st Offense	$500
2nd Offense	$2,500

Subsequent Offenses	$5,000

(12) Order Protection Violations (Rule 5.66)

A fine shall be imposed upon a Trading Permit Holder and/or person associated with a Trading Permit Holder, as applicable, who engages in a pattern or practice of trading through better prices available on other exchanges, unless one or more of the exceptions set forth in Rule 5.66(b) apply. Such fines shall be imposed on the basis of the following schedule:

Number of Offenses in any Rolling Twenty-Four Month Period	**Fine Amount**
1st Offense	$500 to $1,000
2nd Offense	$1,000 to $2,000
Subsequent Offenses	$2,500 to $5,000 and a Staff Interview

(13) Locked or Crossed Market Violations (Rule 5.67)

A fine shall be imposed upon a Trading Permit Holder and/or person associated with a Trading Permit Holder, as applicable, who engages in a pattern or practice of locking or crossing a market in violation of Rule 5.67. Such fines shall be imposed on the basis of the following schedule:

Number of Offenses in any Rolling Twenty-Four Month Period	**Fine Amount**
1st Offense	$500 to $1,000
2nd Offense	$1,000 to $2,000
Subsequent Offenses	$2,500 to $5,000 and a Staff Interview

(14) Failure to Meet Exchange Quoting Obligations

A fine shall be imposed upon a Market-Maker, Designated Primary Market-Maker or Lead Market Maker (as applicable) in accordance with the fine schedule set forth below for the following conduct:

(A) Failure to meet the continuous quoting obligation (Rule 5.52, 5.55, and 5.54);

(B) Failure to meet the applicable quote width requirements (Rule 5.52);

(C) Failure to meet the initial quote volume requirements (Rule 5.52); and

(D) Failure of a Lead Market-Maker or Designated Primary Market-Maker to enter opening quotes within one minute following the initiation of an opening rotation (e.g. 8:31 a.m. (CT)) in a series in its appointed or allocated class, respectively, that is not open due to the lack of a quote (see Rule 5.31(e)(2) or (j)(5)(B), as applicable) (Rules 5.55 and 5.54), respectively.

Number of Offenses in any Rolling Twenty-Four Month Period	**Fine Amount**
1st Offense	$2,000 - $4,000
Subsequent Offenses	$4,000 - $5,000

(15) Failure to Accurately Report Position and Account Information (Rule 8.43)

A fine shall be imposed upon a Trading Permit Holder who violates Rule 8.43. Such fines shall be imposed on the basis of the following schedule:

Number of Offenses in any Rolling Twenty-Four Month Period	**Fine Amount**
1st Offense	$500
2nd Offense	$1,000
3rd Offense	$2,500
Subsequent Offenses	$5,000

(16) Failure to Provide Prior Capital Withdrawal Notice (Rule 15c3-1(e) under the Securities Exchange Act of 1934)

A fine shall be imposed upon a Trading Permit Holder who fails to provide prior notification of capital withdrawal in accordance with Rule 15c3-1(e) under the Securities Exchange Act of 1934. Such fines shall be imposed on the basis of the following schedule:

Number of Offenses in any Rolling Twenty-Four Month Period	**Fine Amount**

1st Offense	$2,500
Subsequent Offenses	$5,000

(17) Failure to Provide Post Capital Withdrawal Notice (Rule 15c3-1(e) under the Securities Exchange Act of 1934)

A fine shall be imposed upon a Trading Permit Holder who fails to provide notification following a capital withdrawal in accordance with Rule 15c3-1(e) under the Securities Exchange Act of 1934. Such fines shall be imposed on the basis of the following schedule:

Number of Offenses in any Rolling Twenty-Four Month Period	**Fine Amount**
1st Offense	$1,000
Subsequent Offenses	$2,500

(18) Failure to Designate a Person or Persons Responsible for Implementing and Monitoring a Trading Permit Holder's Anti-Money Laundering Compliance Program (Rule 8.12)

A fine shall be imposed upon a Trading Permit Holder who fails to designate and identify to the Exchange a person or persons responsible for implementing and monitoring the day-to-day operations and internal controls of the Trading Permit Holder's Anti-Money Laundering Compliance Program and/or who fails to provide prompt notification to the Exchange regarding any change in such designation in violation of Rule 8.12:

Number of Offenses in any Rolling Twenty-Four Month Period	**Fine Amount**
1st Offense	$1,000
Subsequent Offenses	$2,500

(19) Failure to Conduct or Participate in Mandatory Systems Testing (Rule 5.24(e)) A fine shall be imposed upon a Trading Permit Holder who fails to conduct or participate in the testing of computer systems or fails to provide required reports or maintain required documentation in violation of Rule 5.24. Such fines shall be imposed on the basis of the following schedule:

Number of Offenses in One Calendar Year	Fine Amount
1st Offense	$250
2nd Offense	$500
3rd Offense	$1,000
Subsequent Offenses	$2,000

(20) Failure to comply with the Consolidated Audit Trail Compliance Rule requirements.

For failures to comply with the Consolidated Audit Trail Compliance Rule requirements of Rules 7.20 through 7.31, the Exchange may impose a minor rule violation fine of up to $2,500.

Interpretations and Policies

.01 Any Trading Permit Holder who is issued a summary fine notice for the same conduct covered in sub-paragraph (g)(5) that meets one of the levels below shall have the opportunity to submit one written offer of settlement to the CRO in accordance with the provisions of Rule 13.8(a)—Submission of Offer, provided, however, that the Interpretation and Policies to Rule 13.8 shall not apply to an offer made hereunder and the Trading Permit Holder must submit the offer within 30 days of the date of service of the written notice informing the Trading Permit Holder of the fine(s) imposed. The Trading Permit Holder may also appear once before the CRO to make an oral statement in support of the offer. In considering an offer of settlement, the CRO shall consider the Principal Considerations in Determining Sanctions as set forth in Interpretation and Policy .01 of Rule 13.11. A Trading Permit Holder may make one offer:

(a) When the summary fine amount would be greater than $2,500 but not more than $5,000 for a single offense, regardless of whether the single offense is the result of one violation or multiple violations aggregated; or

(b) When the total fine for multiple offenses, would be greater than $10,000 in the aggregate and not more than $5,000 for any single offense, again regardless of whether any single offense is the result of one violation or multiple violations aggregated.

A decision of the CRO accepting an offer of settlement hereunder shall be reported on a current basis pursuant to Rule 19d-1 under the Securities Exchange Act of 1934. The Trading Permit Holder shall report a decision accepting an offer of settlement on the Trading Permit Holder's broker-dealer and Form U-4 (uniform application for securities industry registration or transfer) forms as a decision in a contested Exchange disciplinary proceeding.

.02

(a) The Exchange shall attempt to serve Trading Permit Holders fined pursuant to subsection (g)(4) of this Rule with a written statement in accordance with section (b) of this Rule within the month immediately following the month in which the violations were alleged to have occurred. Such Trading Permit Holders may, within fifteen (15) days after such service was effected, request verification of the fine by the Exchange.

(b) Notwithstanding the provisions of Interpretation and Policy .02 (a) above, there shall be a cap on the number of transactions during a particular month with respect to which a Trading Permit Holder fined pursuant to subsection (g)(4) of this Rule may request verification. Such cap shall be imposed pursuant to the following schedule:

Number of Offenses Within a Rolling Twenty-Four Month Period	**Maximum Number of Transactions During a Particular Month With Respect to Which Verification May Be Requested**
1 – 2	No Limit
3+	The greater of (i) 50 transactions or (ii) 10% of the number of transactions deemed not to be in compliance with Rule 13.15(g)(4)

(c) The Exchange shall attempt to serve Trading Permit Holders fined pursuant to subsection (g)(7) of this Rule with a written statement in accordance with section (b) of this Rule on or before the tenth (10th) day of the month immediately following the month in which the violations were alleged to have occurred. Such Trading Permit Holders may, on or before the twenty-fifth (25th) day of the month in which such service was effected, request verification of the fine by the Exchange.

(d) Verification requests pursuant to sections (a) and (c) of this Interpretation and Policy .02 shall be made in the manner and form required by the Exchange, and shall deal solely with factual issues. Exchange employees shall verify the accuracy of the fine for which a request for verification has been made and determine whether the fine should remain as imposed or should be modified or eliminated. During the verification process, the Exchange may require or permit the Trading Permit Holder requesting verification to produce substantiating evidence or other information within ten (10) days after notice of that deadline is sent to such Trading Permit Holder. The Trading Permit Holder requesting verification shall have the burden of producing such evidence or information. Notice of the determination shall be given in writing to the Trading Permit Holder requesting verification. For purposes of sections (c) and (d) of this Rule, a Trading Permit Holder filing a request for verification may contest the fine subject to verification within thirty (30) days after the date the Exchange sent such Trading Permit Holder notice of the determination.

.03 Any fine imposed pursuant to subsection (g)(6) that (i) does not exceed $1,000 and (ii) is not contested, shall not be reported by the Exchange to the SEC, except as may otherwise be required by Exchange Act Rule 19d-1 and by any other regulatory authority.

[1] Minor Rule Violation fines imposed under this provision may be issued by Exchange Floor Officials.

[Effective October 7, 2019 (SR-CBOE-2019-068); amended July 8, 2020 (SR-CBOE-2020-065)]

Rule 13.16. *Ex Parte* Communications

(a) Unless on notice and opportunity for all parties to participate:

(1) No Trading Permit Holder, person associated with a Trading Permit Holder or Exchange staff member shall make or knowingly cause to be made an ex parte communication relevant to the merits of a proceeding with any member of the Hearing Panel, Business Conduct Committee, Board or committee of the Board who is participating in a decision with respect to that proceeding (an "Adjudicator"); and

(2) No Adjudicator shall make or knowingly cause to be made an ex parte communication with any Trading Permit Holder, person associated with a Trading Permit Holder or Exchange staff member relevant to the merits of that proceeding.

(b) An Adjudicator who receives, makes, or knowingly causes to be made a communication prohibited by this Rule shall place in the record of the proceeding:

(1) all such written communications;

(2) memoranda stating the substance of all such oral communications; and

(3) all written responses and memoranda stating the substance of all oral responses to all such communications.

(c) If a prohibited ex parte communication has occurred, the Board or a committee of the Board may take whatever action it deems appropriate in the interests of justice, the policies underlying the Act, and the Exchange By-Laws and Rules, including dismissal or denial of the offending party's interest or claim. All participants to a proceeding may respond to any allegations or contentions contained in a prohibited ex parte communication placed in the record. Such responses shall be placed in the record.

(d) The prohibitions of this Rule shall apply beginning with the initiation of an investigation as provided in Rule 13.2(a), unless the person responsible for the communication has knowledge that the investigation shall be initiated, in which case the prohibitions shall apply beginning at the time of his or her acquisition of such knowledge.

(e) "Ex parte communication" means an oral or written communication made without notice to all parties, that is, Regulatory staff and Subjects of investigations or Respondents in proceedings. A written communication is ex parte unless a copy has been previously or simultaneously delivered to all interested parties. An oral communication is ex parte unless it is made in the presence of all interested parties except those who, on adequate prior notice, declined to be present.

(f) No violation of Rule 13.16(e) shall be deemed to occur if the ex parte communication deals solely with procedural matters rather than the merits of the investigation or proceeding.

(g) No person shall be deemed to violate this Rule if they refuse an attempted communication concerning the merits of an investigation or proceeding as soon as it becomes apparent that the communication concerns the merits. In order for this paragraph (g) to apply, the person refusing the attempted communication must promptly notify the Regulatory staff about the attempted communication and how the person responded to it. The Regulatory staff shall memorialize this information in the regulatory record of the investigation or disciplinary proceeding.

[Effective October 7, 2019 (SR-CBOE-2019-068)]

CHAPTER 14. ARBITRATION

Rule 14.1. Matters Subject to Arbitration

(a) Any dispute, claim or controversy, arising between parties who are Trading Permit Holders* or persons associated with a Trading Permit Holder which arises out of the Exchange business of such parties shall, at the request of any such party and the approval of the Exchange's Director of Arbitration, be submitted for arbitration in accordance with these rules.

(b) Any dispute, claim or controversy, arising between a non-Trading Permit Holder and a Trading Permit Holder or persons associated with a Trading Permit Holder which arises out of the Exchange business of such Trading Permit Holder or a person associated with a Trading Permit Holder shall, at the request of such non-Trading Permit Holder and the approval of the Exchange's Director of Arbitration, be submitted for arbitration in accordance with these rules.

(c) If a party to a dispute, in an Answer, Reply, or other written response to a request for arbitration, has challenged the appropriateness of submitting a matter to arbitration under this Chapter, the Director of Arbitration shall serve upon the parties written notice of his decision to accept or reject the matter for arbitration. The decision by the Director of Arbitration to accept or reject a matter for arbitration shall, at the request of any party to the dispute, be subject to review by the Board of Directors or a panel of the Board composed of at least three Directors. Requests for review must be submitted in writing to the Secretary of the Exchange within ten calendar days from receipt of notice of the Director of Arbitration's decision.

(d) The arbitration provisions of this Chapter shall not constitute a prospective waiver of any right of action that may arise under the federal securities laws.

Interpretations and Policies

.01 For purposes of this Chapter, the terms Trading Permit Holder and a person associated with a Trading Permit Holder shall be deemed to encompass those persons who were former (a) Trading Permit Holders, (b) Exchange members, or persons treated the same as members, under the Constitution and Rules of the Exchange in effect immediately prior to the Restructuring Transaction, (c) persons associated with a Trading Permit Holder, or (d) persons associated with a member, or a person treated the same as a member, under the Constitution and Rules of the Exchange in effect immediately prior to the Restructuring Transaction.

.02 It may be deemed conduct inconsistent with just and equitable principles of trade for a Trading Permit Holder or a person associated with a Trading Permit Holder to fail to submit a dispute for arbitration on demand under the provisions of this Chapter, or to fail to provide any document in his possession or control as directed pursuant to the provisions of this Chapter or to fail to honor an award of arbitrators properly rendered pursuant to the provisions of this Chapter where a timely motion has not been made to vacate or modify such award pursuant to applicable law.

.03

(a) For the purposes of Rule 14.1(a), the term "Exchange business" does not include a dispute, claim or controversy alleging employment discrimination, including sexual harassment.

(b) Notwithstanding the policy set forth in paragraph (a), the Exchange may make its arbitration facilities available for the resolution of employment discrimination, including sexual harassment, claims if the parties mutually agree to arbitrate the claim after the claim has arisen. Any determination pursuant to this paragraph will be made by the Director of Arbitration.

.04 Rules 14.1 through 14.36, with the exception of Rule 14.2, apply only to arbitrations filed prior to April 30, 2015 and are otherwise of no force or effect. All arbitrations filed prior to April 30, 2015 shall, until concluded, continue to be administered by the Exchange.

* The term "Trading Permit Holder" as defined in the Bylaws and used in the Rules includes a nominee of a TPH organization unless the context otherwise requires.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.2. FINRA Jurisdiction over Arbitrations against Trading Permit Holders

(a) *General.* The Rule 12000 Series and Rule 13000 Series of the FINRA Manual (Code of Arbitration Procedures for Customer Disputes and Code of Arbitration Procedures for Industry Disputes) (the "FINRA Code of Arbitration"), as the same may be in effect from time to time, shall govern Exchange arbitrations except as may be specified in this Rule 14.2. Definitions in the FINRA Code of Arbitration shall have the same meaning as that prescribed therein, and procedures contained in the FINRA Code of Arbitration shall have the same application as toward Exchange arbitrations.

(b) *Jurisdiction.* As of May 1, 2015, any dispute, claim or controversy arising out of or in connection with the Exchange business of any Trading Permit Holder or person associated with a Trading Permit Holder may be arbitrated under this Rule 14.2 except that (1) a dispute, claim, or controversy alleging employment discrimination (including a sexual harassment claim) in violation of a statue may only be arbitrated if the parties have agreed to arbitrate it after the dispute arose; and (2) any type of dispute, claim, or controversy that is not permitted to be arbitrated under the FINRA Code of Arbitration, such as class action claims, shall not be eligible for arbitration under this Rule 14.2.

(c) *Predispute Arbitration Agreements.* The requirements of FINRA Rule 2268 shall apply to predispute arbitration agreements between Trading Permit Holders and their customers.

(d) *Referrals.* If any matter comes to the attention of an arbitrator during and in connection with the arbitrator's participation in a proceeding, either from the record of the proceeding or from material or communications related to the proceeding, that the arbitrator has reason to believe may constitute a violation of the Exchange's Rules or the federal securities laws, the arbitrator may initiate a referral of the matter to the Exchange for disciplinary investigation pursuant to Rule 12104 or Rule 13104 (as applicable) of the FINRA Code of Arbitration.

(e) *Payment of Awards.* Any Trading Permit Holder, or person associated of a Trading Permit Holder, who fails to honor an award of arbitrators appointed in accordance with Rule 14.2 shall be subject to disciplinary proceedings in accordance with Chapter 13 of Exchange Rules.

(f) *Other Exchange Actions.* The submission of any matter to arbitration under this Chapter shall in no way limit or preclude any right, action or determination by the Exchange which it would otherwise be authorized to adopt, administer or enforce.

Interpretations and Policies

.01 For purposes of this Rule 14.2, the terms Trading Permit Holder and a person associated with a Trading Permit Holder shall be deemed to encompass those persons who were former Trading Permit Holders and former persons associated with a Trading Permit Holder.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.3. Procedures in Trading Permit Holder Controversies

The following procedures shall apply in any dispute, claim or controversy between parties who are Trading Permit Holders or persons associated with a Trading Permit Holder which is submitted for arbitration pursuant to Rule 14.1(a):

(a) *Selection of Arbitrators.* The arbitration panel shall be selected by the Director of Arbitration and shall consist of not less than three arbitrators. The arbitrators shall be selected from the Arbitration Committee or, if necessary, from a roster provided by FINRA of qualified non-public arbitrators and/or non-public chairperson-qualified arbitrators, as defined by FINRA's rules governing arbitration industry disputes.

(b) *Challenges.* Each party to the dispute may peremptorily challenge any person appointed to the arbitration panel. There shall be no fixed limit on the number of peremptory challenges by a party; however, no party may assert an unreasonable number of challenges. The Director of Arbitration shall deny peremptory challenges if both the Director of Arbitration and the Chairman of the Arbitration Committee agree that the number of such challenges by a party has been unreasonable. Unless extended by the Director of Arbitration, a party wishing to exercise a peremptory challenge must do so by notifying the Director of Arbitration in writing within five (5) business days of notification of the identity of the person(s) named under Rule 14.13 or Rule 14.24(d) or (e), whichever comes first. There shall be unlimited challenges for cause.

(c) In any arbitration concerning the alleged failure to pay for floor brokerage services, the following additional provisions shall apply:

> (1) In order to commence such a proceeding, the claimant shall include with his statement of claim the following: (A) copies of billing copies of order tickets relating to the unpaid brokerage; (B) copies of monthly bills reflecting the unpaid brokerage; (C) copies of evidence reflecting the claimant's post-billing efforts to collect the unpaid brokerage; and (D) a certification of any efforts, not reflected in writing, made to collect the unpaid brokerage.
>
> (2) If the arbitrators find that the respondent knowingly and purposefully failed to pay for floor brokerage services, and such failure was without sufficient justification or excuse, then the arbitrators have the authority to award up to two times the amount of the brokerage bill, in addition, to whatever determinations the arbitrators may ordinarily make concerning arbitration fees, interest, and attorney's fees or other expenses.

(d) *General.* Subject to the foregoing provisions of this Rule, the other Rules of Chapter 14 shall apply to arbitrations between Trading Permit Holders except for those provisions specifically applicable to arbitrations involving public customers.

Interpretations and Policies

.01 In any arbitration concerning the alleged failure to honor a trade, each party to the arbitration shall promptly provide copies of all documents filed or received in the arbitration by that party to the Clearing Trading Permit Holder(s) that guaranteed that party's Exchange transactions when the alleged trade took place.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Uniform Arbitration Code

Rule 14.4. Arbitration

(a) Any dispute, claim or controversy between a customer or non-Trading Permit Holder and a Trading Permit Holder and/or associated person arising in connection with the business of such Trading Permit Holder and/or associated person in connection with his activities as an associated person shall be arbitrated under the Rules of the Exchange, as provided by any duly executed and enforceable written agreement or upon the demand of the customer or non- Trading Permit Holder.

(b) Under this Code, the Exchange shall have the right to decline the use of its arbitration facilities in any dispute, claim or controversy, where—having due regard for the purposes of the Exchange and the intent of this Code—such dispute, claim or controversy is not a proper subject matter for arbitration.

(c) Claims which arise out of transactions in a readily identifiable market may, with the consent of the Claimant, be referred to the arbitration forum for that market by the Director of Arbitration.

Interpretations and Policies

.01 Any determination pursuant to Rule 14.4(b) shall be made by the Exchange's Director of Arbitration and shall be subject to review as provided in Rule 14.1(c).

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.5. Class Action Claims

(a) A claim submitted as a class action shall not be eligible for arbitration under this Code at the Exchange.

(b)

(1) Any claim filed by a member or members of a putative or certified class action is also ineligible for arbitration at the Exchange if the claim is encompassed by a putative or certified class action filed in federal or state court, or is ordered by a court to an arbitral forum not sponsored by a self regulatory organization for a classwide arbitration. However, such claims shall be eligible for arbitration in accordance with Rule 14.1 or 14.4 or pursuant to the parties' contractual agreement, if any, if a claimant demonstrates that it has elected not to participate

in the putative or certified class action or, if applicable, has complied with any conditions for withdrawing from the class prescribed by the court.

(2) Disputes concerning whether a particular claim is encompassed by a putative or certified class action shall be referred by the Director of Arbitration to a panel of arbitrator(s) appointed in accordance with Rule 14.6 or Rule 14.12, as applicable. Either party may elect instead to petition the court with jurisdiction over the putative or certified class action to resolve such disputes. Any such petition to the court must be filed within ten (10) business days of receipt of notice that the Director of Arbitration is referring the dispute to a panel of arbitrator(s).

(c) No Trading Permit Holder and/or associated person shall seek to enforce any agreement to arbitrate against a customer, other Trading Permit Holder or persons associated with a Trading Permit Holder who has initiated in court a putative class action or is a member of a putative or certified class with respect to any claims encompassed by the class action unless and until:

(1) the class certification is denied;

(2) the class is decertified;

(3) the customer, other Trading Permit Holder or person associated with a Trading Permit Holder is excluded from the class by the court; or

(4) the customer, other Trading Permit Holder or person associated with a Trading Permit Holder elects not to participate in the putative or certified class action, or, if applicable, has complied with any conditions for withdrawing from the class prescribed by the court.

(d) No Trading Permit Holder and/or associated person shall be deemed to have waived any of its rights under this Code or under any agreement to arbitrate to which it is party except to the extent stated in this paragraph.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.6. Simplified Arbitration

(a) Any dispute, claim or controversy, arising between a public customer(s) and an associated person or a Trading Permit Holder subject to arbitration under this Code involving a dollar amount not exceeding $10,000, exclusive of attendant costs and interest, shall be arbitrated as hereinafter provided.

(b) The Claimant shall file with the Director of Arbitration an executed Submission Agreement and a copy of the Statement of Claim of the controversy in dispute and the required deposit, together with documents in support of the claim. Sufficient additional copies of the Submission Agreement and the Statement of Claim and supporting documents shall be provided to the Director of Arbitration for each party and the arbitrator. The Statement of Claim shall specify the relevant facts, the remedies sought and whether a hearing is demanded.

(c) The Claimant shall pay a non-refundable filing fee and remit a hearing deposit as specified in Rule 14.34, Schedule of Fees, upon filing of the Submission Agreement. The final disposition of the fee or deposit shall be determined by the arbitrator.

(d) The Director of Arbitration shall endeavor to serve promptly by mail or otherwise on the Respondent(s) one (1) copy of the Submission Agreement and one (1) copy of the Statement of Claim. Within twenty (20) calendar days from receipt of the Statement of Claim, Respondent(s) shall serve each party with an executed Submission Agreement and a copy of Respondent's Answer. Respondent's executed Submission Agreement and Answer shall also be filed with the Director of Arbitration with sufficient additional copies for the arbitrator(s) along with any forum fees required under Rule 14.34, Schedule of Fees. The Answer shall designate all available defenses to the Claim and may set forth any related Counterclaim and/or related Third-Party Claim the Respondent(s) may have against the Claimant or any other person. If the Respondent(s) has interposed a Third-Party Claim, the Respondent(s) shall serve the Third- Party Respondent with an executed Submission Agreement, a copy of Respondent's Answer containing the Third-Party Claim and a copy of the original Claim filed by the Claimant. The Third-Party Respondent shall respond in the manner herein provided for response to the Claim. If the Respondent(s) files a related Counterclaim exceeding $10,000, the arbitrator may refer the Claim, Counterclaim and/or Third-Party Claim, if any, to a panel of no less than three (3) arbitrators in accordance with Rule 14.12 of this Code, or he may dismiss the Counterclaim and/or Third-Party Claim, without prejudice to the Counterclaimant(s) and/or Third-Party Claimant(s) pursuing the Counterclaim and/or Third-Party Claim in a separate proceeding. The costs to the Claimant under either proceeding shall in no event exceed the total amount specified in Rule 14.34.

(e) All parties shall serve promptly by mail or otherwise on all other parties and the Director of Arbitration, with sufficient additional copies for the arbitrators, a copy of the Answer, Counterclaim, Third-Party Claim or other responsive pleading, if any. The Claimant, if a Counterclaim is asserted against him, shall within ten (10) calendar days either:

> (1) serve on each party and on the Director of Arbitration, with sufficient additional copies for the arbitrators, a Reply to any Counterclaim, or
>
> (2) if the amount of the Counterclaim exceeds the Claim, shall have the right to file a statement withdrawing the Claim. If the Claimant withdraws the Claim, the proceedings will be discontinued without prejudice to the rights of the parties.

(f) The dispute, claim or controversy shall be submitted to a single public arbitrator knowledgeable in the securities industry selected by the Director of Arbitration. Unless the public customer demands or consents to a hearing, or the arbitrator calls a hearing, the arbitrator shall decide the dispute, claim or controversy solely upon the pleadings and evidence filed by the parties. If a hearing is necessary, such hearing shall be held as soon as practicable at a locale selected by the Director of Arbitration.

(g) The Director of Arbitration may grant extensions of time to file any pleading upon a showing of good cause.

(h)

(1) The arbitrator shall be authorized to require the submission of further documentary evidence as he, in his sole discretion, deems advisable.

(2) If a hearing is demanded or consented to in accordance with paragraph (f) of this Rule, the General Provisions Governing a Pre-Hearing proceeding under Rule 14.24 shall apply.

(3) If no hearing is demanded or consented to, all requests for document production shall be submitted in writing to the Director of Arbitration within ten (10) business days of notification of the identity of the arbitrator selected to decide the case. The requesting party shall serve simultaneously its requests for document production on all parties. Any response or objection to the requested document production shall be served on all parties and filed with the Director of Arbitration within five (5) business days of receipt of the request for production. The selected arbitrator shall resolve all requests under this paragraph on the papers submitted.

(i) Upon the request of the arbitrator, the Director of Arbitration shall appoint two (2) additional arbitrators to the panel that shall decide the matter in controversy.

(j) In any case where there is more than one (1) arbitrator, the majority will be public arbitrators.

(k) In his discretion, the arbitrator may, at the request of any party, permit such party to submit additional documentation relating to the pleadings.

(l) Except as otherwise provided herein, the general arbitration rules of the Exchange shall be applicable to proceedings instituted under this Rule.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Hearing Requirements

Rule 14.7. Waiver of Hearing

(a) Any dispute, claim or controversy, except as provided in Rule 14.6 (Simplified Arbitration), shall require a hearing unless all parties waive such hearing in writing and request that the matter be resolved solely upon the pleadings and documentary evidence.

(b) Notwithstanding a written waiver of a hearing by the parties, a majority of the arbitrators may call for and conduct a hearing. In addition, any arbitrator may request the submission of further evidence.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.8. Time Limitation Upon Submission

No dispute, claim or controversy shall be eligible for submission to arbitration under this Code where six (6) years shall have elapsed from the occurrence or event giving rise to the act or the dispute, claim or controversy. This section shall not extend applicable statutes of limitations, nor shall it apply to any case which is directed to arbitration by a court of competent jurisdiction.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.9. Dismissal or Termination of Proceedings

At any time during the course of an arbitration, the arbitrators may either upon their own initiative or at the request of a party, dismiss the proceeding and refer the parties to the remedies provided by law. The arbitrators shall upon the joint request of the parties dismiss the proceeding.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.10. Settlements

All settlements upon any matter submitted shall be at the election of the parties.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.11. Tolling of Time Limitation(s) for the Institution of Legal Proceedings and Extension of Time Limitation(s) for Submission to Arbitration

(a) Where permitted by law, the time limitation(s) which would otherwise run or accrue for the institution of legal proceedings shall be tolled when a duly executed Submission Agreement is filed by the Claimant(s). The tolling shall continue for such period as the Exchange shall retain jurisdiction upon the matter submitted.

(b) The six (6) year time limitation upon submission to arbitration shall not apply when the parties have submitted the dispute, claim or controversy to a court of competent jurisdiction. The six (6) year time limitation shall not run for such period as the court shall retain jurisdiction upon the matter submitted.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.12. Designation of Number of Arbitrators

(a)

(1) all arbitration matters involving public customers and non-Trading Permit Holders where the amount in controversy exceeds $10,000 or where the matter in controversy does not involve or disclose a money claim, the Director of Arbitration shall appoint an arbitration panel that shall consist of no less than three (3) arbitrators, at least a majority of whom shall not be from the securities industry, unless the public customer or non-Trading Permit Holder requests a panel consisting of at least a majority from the securities industry.

(2) An arbitrator will be deemed as being from the securities industry if he or she:

(A) is a person associated with a Trading Permit Holder, broker/dealer, government securities broker, government securities dealer, municipal securities dealer, or registered investment adviser; or

(B) has been associated with any of the above within the past five (5) years; or

(C) is retired from or spent a substantial part of his or her business career in any of the above; or

(D) is an attorney, accountant or other professional who has devoted twenty (20) percent or more of his or her professional work effort to securities industry clients within the last two (2) years.

(E) is an individual who is registered under the Commodities Exchange Act or is a member of a registered futures association or any Commodities Exchange or is associated with any such person(s).

(3) An arbitrator who is not from the securities industry shall be deemed a public arbitrator. A person will not be classified as a public arbitrator if he or she has a spouse or other member of the household who is a person associated with a registered broker, dealer, municipal securities dealer, government securities broker, government securities dealer, or investment adviser.

(b) *Composition of Panels.* The individuals who shall serve on a particular arbitration panel shall be determined by the Director of Arbitration. The Director of Arbitration may name the chairman of each panel.

(c) *Arbitrator Restrictions.* The following restrictions shall apply to persons who serve on the Arbitration Committee.

(1) No member of the Arbitration Committee shall represent a party as counsel in any dispute, claim or controversy submitted for Cboe Options arbitration ("Cboe Options Arbitration") while that member is serving on the Arbitration Committee and for a period of six months after the date on which that member ceases being a member of the Arbitration Committee and,

(2) if a Committee member is appointed as an arbitrator in a pending Cboe Options Arbitration ("Pending Cboe Options Arbitration") and subsequently ceases being a member of the Committee, but continues to serve as an arbitrator in the Pending Cboe Options Arbitration, that person cannot represent a party as counsel in a separate Cboe Options Arbitration until he or she has ceased serving as an arbitrator in the Pending Cboe Options Arbitration.

Guidelines for Classification of Arbitrators

These Guidelines will be Used by the Cboe Exchange, Inc. in Applying Rule 14.12.

In order to insure continued investor confidence in the arbitration process, the Cboe Exchange, Inc. has adopted the following policies with regard to the classification of securities industry and public arbitrators and to the exercise of challenges for cause:

(a) Individuals with close securities industry ties such as attorneys, accountants or other professionals who routinely represent industry firms or individuals, will either be reclassified as industry arbitrators or not be used.

(b) Individuals who have spent a substantial part of their business careers in the securities industry shall always be classified as industry arbitrators.

(c) Individuals who have spent a relatively minor portion of their career in the securities industry shall not be classified as public arbitrators until at least five (5) years have elapsed from the date of their last industry affiliation. All such past affiliations shall be disclosed and challenges for cause based upon such past affiliations shall be sustained.

(d) Close family relationships with broker/dealers shall be disclosed and challenges for cause based on such relationships shall be honored.

(e) Attorneys, accountants and other professionals whose firms have close securities industry ties will still be classified as public arbitrators provided the attorney or other professional does not routinely represent industry firms or individuals. Challenges for cause based on such industry ties will be honored.

(f) All arbitrators shall read and become familiar with the Code of Ethics for Arbitrators developed by the American Bar Association and the American Arbitration Association.

(g) Any close question on arbitrator classification or on challenges for cause shall be decided in favor of public customer.

(h) Spouses of securities industry personnel may not serve as public arbitrators.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.13. Notice of Selection of Arbitrators

The Director of Arbitration shall inform the parties of the names and employment histories of the arbitrators for the past ten (10) years, as well as information disclosed pursuant to Rule 14.15, at least eight (8) business days prior to the date fixed for the initial hearing session. A party may make further inquiry of the Director of Arbitration concerning an arbitrator's background. In the event that any arbitrator, after appointment and prior to the first hearing session, should resign, die, withdraw, be disqualified or otherwise be unable to perform as an arbitrator, the Director of Arbitration shall appoint a new member to the panel to fill any vacancy. The Director of Arbitration shall inform the parties of the name and employment history of the replacement arbitrator for the past ten (10) years, as well as information disclosed pursuant to Rule 14.15, as soon as possible. A party may make further inquiry of the Director of Arbitration concerning the background of replacement arbitrators and within the time remaining prior to the first hearing session or the five (5) day period provided under Rule 14.14, whichever is shorter, may exercise its right to challenge the replacement arbitrator as provided in Rule 14.14.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.14. Challenges

(a) In any arbitration proceeding, each party shall have the right to one (1) peremptory challenge. In arbitrations where there are multiple Claimants, Respondents and/or Third-Party Respondents, the Claimants shall have one (1) peremptory challenge, the Respondents shall have one (1) peremptory challenge and the Third-Party Respondents shall have one (1) peremptory challenge, unless the Director of Arbitration determines that the interests of justice would best be served by awarding additional peremptory challenges. Unless extended by the Director of Arbitration, a party wishing to exercise a peremptory challenge must do so by notifying the Director of Arbitration in writing within five (5) business days of notification of the identity of the person(s) named under Rule 14.13 or Rule 14.24(d) or (e), whichever comes first.

(b) There shall be unlimited challenges for cause.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.15. Disclosures Required of Arbitrators

(a) Each arbitrator shall be required to disclose to the Director of Arbitration any circumstances which might preclude such arbitrator from rendering an objective and impartial determination. Each arbitrator shall disclose:

(1) Any direct or indirect financial or personal interest in the outcome of the arbitration.

(2) Any existing or past financial, business, professional, family or social relationships which are likely to affect impartiality or which might reasonably create an appearance of partiality or bias. Persons requested to serve as arbitrators should disclose any such relationships which they personally have with any party or its counsel, or with any individual whom they have been told will be a witness. They should also disclose any such relationship involving members of their families or their current employers, partners or business associates.

(b) Persons who are requested to accept appointment as arbitrators should make a reasonable effort to inform themselves of any interests or relationships described in Paragraph (a) above.

(c) The obligation to disclose interests, relationships, or circumstances which might preclude an arbitrator from rendering an objective and impartial determination described in Subsection (a) hereof is a continuing duty which requires a person who accepts appointment as an arbitrator to disclose, at any stage of the arbitration, any such interests, relationships, or circumstances which arise, or which are recalled or discovered.

(d) *Removal by the Director.*

(1) The Director of Arbitration may remove an arbitrator based on information that is required to be disclosed pursuant to this Rule.

(2) After the beginning of (A) the first pre-hearing conference or (B) the first hearing session, whichever is earlier, the Director of Arbitration may remove an arbitrator based on information not known to the parties when the arbitrator was selected.

(3) The Director of Arbitration will grant a party's request to disqualify an arbitrator if it is reasonable to infer, based on information known at the time of the request that the arbitrator is biased, lacks impartiality, or has an interest in the outcome of the arbitration. The interest or bias must be direct, definite, and capable of reasonable demonstration, rather than remote or speculative.

(4) The Director of Arbitration shall inform the parties to an arbitration proceeding of any information disclosed to the Director of Arbitration under this Rule unless either the arbitrator who disclosed the information withdraws voluntarily as soon as the arbitrator learns of any interest, relationship, or circumstances described in paragraph (a) that might preclude the arbitrator from rendering an objective and impartial determination in the proceeding, or the Director of Arbitration removes the arbitrator.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.16. Disqualification or Other Disability of Arbitrators

(a) *Disqualification by Director of Arbitration Due to Conflict of Interest or Bias*. After the appointment of an arbitrator and prior to the beginning of (1) the first pre-hearing conference or (2) the first hearing session, whichever is earlier, if the Director of Arbitration or a party objects, pursuant to Rule 14.14(b), to the continued service of an arbitrator, the Director shall determine if the arbitrator should be disqualified. If the Director of Arbitration determines that an arbitrator should be disqualified then the Director of Arbitration will notify both parties of the decision. The parties will have 5 days to retain the arbitrator, notwithstanding the Director of Arbitration's decision to disqualify the arbitrator. The parties must agree to retain the arbitrator unanimously and convey their decision to the Director of Arbitration in writing not later than 5 days after the Director of Arbitration's notice to disqualify.

(b) *Removal by Director.* After the beginning of (1) the first pre-hearing conference or (2) the first hearing session, whichever is earlier, the Director of Arbitration may remove an arbitrator from an arbitration panel based on information that is required to be disclosed pursuant to Rule 14.15 and that was not previously disclosed.

(c) *Standards for Deciding Challenges for Cause.* The Director of Arbitration will grant a party's request to disqualify an arbitrator if it is reasonable to infer, based on information known at the time of the request, that the arbitrator is biased, lacks impartiality, or has an interest in the outcome of the arbitration. The interest or bias must be direct, definite, and capable of being reasonable of demonstration, rather than remote or speculative.

(d) *Vacancies.* In the event that any arbitrator, after the beginning of the first hearing session and prior to the rendition of the award, should resign, die, withdraw, be disqualified or otherwise be unable to perform as an arbitrator, the remaining arbitrator(s) may continue with the hearing and determination of the controversy, unless such continuation is objected to by any party within five (5) days of notification of such resignation, death, withdrawal, disqualification, or other inability. Upon

objection, the Director of Arbitration shall appoint a new member to the panel to fill any vacancy. The Director of Arbitration shall inform the parties as soon as possible of the name and employment history of the replacement arbitrator pursuant to Rule 14.13, as well as any other information disclosed pursuant to Rule 14.15. A party may make further inquiry of the Director of Arbitration concerning the replacement arbitrator's background and within the time remaining prior to the next scheduled hearing session or the five (5) day period provided under Rule 14.14, whichever is shorter, may exercise its right to challenge the replacement arbitrator as provided in Rule 14.14.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.17. Initiation of Proceedings

Except as otherwise provided herein, an arbitration proceeding under this Code shall be instituted as follows:

(a) *Statement of Claim.* The Claimant shall file with the Director of Arbitration an executed Submission Agreement, a Statement of Claim, together with documents in support of the Claim, and the required non-refundable filing fee and hearing session deposit set forth under Rule 14.34, Schedule of Fees. Sufficient additional copies of the Submission Agreement and the Statement of Claim and supporting documents shall be provided to the Director of Arbitration for each party and for each arbitrator(s). The Statement of Claim shall specify the relevant facts and the remedies sought. The Director of Arbitration shall endeavor to serve promptly by mail or otherwise on the Respondent(s) one (1) copy of the Submission Agreement and one (1) copy of the Statement of Claim.

(b) *Service and Filing with the Director of Arbitration.* For purposes of the Code of Arbitration Procedure, service may be effected by mail or other means of delivery. Service and filing are accomplished on the date of mailing either by first-class postage pre-paid or by means of overnight mail service, or in the case of other means of service, on the date of delivery. Filing with the Director of Arbitration shall be made on the same date as service.

(c) *Answer-Defenses, Counterclaims and/or Cross-Claims.*

(1) Within twenty (20) business days from receipt of the Statement of Claim, the Respondent(s) shall serve each party with an executed Submission Agreement and a copy of the Respondent's Answer. Respondent's executed Submission Agreement and Answer shall also be filed with the Director of Arbitration with sufficient additional copies for the arbitrator(s), along with any forum fees required under Rule 14.34. The Answer shall specify all available defenses and relevant facts that will be relied upon at hearing and may set forth any related Counterclaim the Respondent(s) may have against the Claimant, any Cross-Claim the Respondent(s) may have against any other named Respondent(s), and any Third-Party Claim against any other party or person based upon any existing dispute, claim or controversy subject to arbitration under this Code.

(2)

(A) A Respondent, Responding Claimant, Cross-Claimant, Cross-Respondent or Third- Party Respondent who pleads only a general denial as an answer may, upon

objection by a party, in the discretion of the arbitrators, be barred from presenting any facts or defenses at the time of the hearing.

(B) A Respondent, Responding Claimant, Cross-Claimant, Cross-Respondent or Third- Party Respondent who fails to specify all available defenses and relevant facts in such party's Answer, may, upon objection by a party, in the discretion of the arbitrators, be barred from presenting the facts or defenses not included in such party's Answer at the hearing.

(C) A Respondent, Responding Claimant, Cross-Claimant, Cross-Respondent or Third- Party Respondent who fails to file an Answer within twenty (20) business days from receipt of service of a claim, unless the time to Answer has been extended pursuant to paragraph (c)(5), may, in the discretion of the arbitrators, be barred from presenting any matter, arguments or defenses at the hearing.

(3) Respondent(s) shall serve each party with a copy of any Third-Party Claim. The Third-Party Claim shall also be filed with the Director of Arbitration with sufficient additional copies for the arbitrator(s), along with any forum fees required under Rule 14.34. Third- Party Respondent(s) shall answer in the manner provided for response to the Claim, as provided in (c)(1) and (2) above.

(4) The Claimant shall serve each party with a reply to a Counterclaim within ten (10) business days of the receipt of an Answer containing a Counterclaim. The reply shall also be filed with the Director of Arbitration with sufficient additional copies for the arbitrator(s).

(5) The Director of Arbitration may extend any time period in this section whether such be denominated as a Claim, Answer, Counterclaim, Cross-Claim, Reply or Third-Party pleading.

(d) *Joining and Consolidation—Multiple Parties.*

(1) *Permissive Joinder.* All persons may join in one action as claimants if they assert any right to relief jointly, severally, or arising out of the same transaction, occurrence or series of transactions or occurrences and if any questions of law or fact common to all these claimants will arise in the action. All persons may be joined in one action as respondents if there is asserted against them jointly or severally, any right to relief arising out of the same transaction, occurrence, or series of transactions or occurrences and if any questions of law or fact common to all respondents will arise in the action. A claimant or respondent need not assert rights to or defend all the relief demanded. Judgment may be given for one or more of the claimants according to their respective rights to relief, and against one or more respondents according to their respective liabilities.

(2) In arbitrations where there are multiple Claimants, Respondents and/or Third-Party Respondents, the Director of Arbitration shall be authorized to determine preliminarily whether such parties should proceed in the same or separate arbitrations. Such determination will be considered subsequent to the filing of all responsive pleadings.

(3) The Director of Arbitration shall be authorized to determine preliminarily whether claims filed separately are related and shall be authorized to consolidate such claims for hearing and award purposes.

(4) Further determinations with respect to joining, consolidation and multiple parties under this subsection may be made by the arbitration panel and shall be deemed final.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.18. Designation of Time and Place of Hearings

Unless the law directs otherwise, the time and place for the initial hearing shall be determined by the Director of Arbitration and each hearing thereafter by the arbitrators. Notice of the time and place for the initial hearing shall be given at least eight (8) business days prior to the date fixed for the hearing by personal service, registered or certified mail to each of the parties unless the parties shall, by their mutual consent, waive the notice provisions under this section. Notice for each hearing, thereafter, shall be given as the arbitrators may determine. Attendance at a hearing waives notice thereof.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.19. Representation by Counsel

All parties shall have the right to representation by counsel at any stage of the proceedings.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.20. Attendance at Hearings

The attendance or presence of all persons at hearings including witnesses shall be determined by the arbitrators. However, all parties to the arbitration and their counsel shall be entitled to attend all hearings.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.21. Failure to Appear

If any of the parties, after due notice, fails to appear at a hearing or at any continuation of a hearing, the arbitrators may, in their discretion, proceed with the arbitration of the controversy. In such cases, all awards shall be rendered as if each party has entered an appearance in the matter submitted.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.22. Adjournments

(a) The arbitrators may, in their discretion, adjourn any hearing(s) either upon their own initiative or upon the request of any party to the arbitration.

(b) Unless waived by the Director of Arbitration, a party requesting an adjournment after arbitrators have been appointed shall deposit, with the request for an adjournment, a fee equal to the initial

deposit of hearing deposit fees for the first adjournment and twice the initial deposit of hearing deposit fees, not to exceed $1,000, for a second or subsequent adjournment requested by that party. If the adjournment is not granted, the deposit shall be refunded. If the adjournment is granted, the arbitrator(s) may direct the return of the adjournment fee.

(c) Upon receiving a third request consented to by all parties for an adjournment, the arbitrators may dismiss the arbitration without prejudice to either party. The Claimant may then file a new arbitration.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.23. Acknowledgement of Pleadings

The arbitrators shall acknowledge to all parties present that they have read the pleadings filed by the parties.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.24. General Provisions Governing Pre-Hearing Proceeding

(a) *Requests for Documents and Information.* The parties shall cooperate to the fullest extent practicable in the voluntary exchange of documents and information to expedite the arbitration. Any request for documents or other information should be specific, relate to the matter in controversy, and afford the party to whom the request is made a reasonable period of time to respond without interfering with the time set for the hearing.

(b) *Document Production and Information Exchange.*

(1) Any party may serve a written request for information or documents ("information request") upon another party twenty (20) business days or more after service of the Statement of Claim by the Director of Arbitration or upon filing of the Answer, whichever is earlier. The requesting party shall serve the information request on all parties and file a copy with the Director of Arbitration. The parties shall endeavor to resolve disputes regarding an information request prior to serving any objection to the request. Such efforts shall be set forth in the objection.

(2) Unless a greater time is allowed by the requesting party, information requests shall be satisfied or objected to within thirty (30) calendar days from the date of service. Any objection to an information request shall be served by the objecting party on all parties and filed with the Director of Arbitration.

(3) Any response to objections to information requests shall be served on all parties and filed with the Director of Arbitration within ten (10) calendar days of receipt of the objection.

(4) Upon the written request of a party whose information request is unsatisfied, the matter will be referred by the Director of Arbitration to either a pre-hearing conference under paragraph (d) of this Rule or to a selected arbitrator under paragraph (e) of this Rule.

(c) *Pre-Hearing Exchange.* At least twenty (20) calendar days prior to the first scheduled hearing date, all parties shall serve on each other copies of documents in their possession that they intend to present at the hearing. The parties may provide a list of those documents that have already been produced pursuant to the other provisions of Rule 14.24 in lieu of the actual documents. A list of such documents served under this paragraph shall be served on the Director of Arbitration at the same time and in the same manner as service on the parties. In addition, at least twenty (20) calendar days prior to the first scheduled hearing date, the parties also shall serve on each other a list identifying witnesses they intend to present at the hearing by name, address and business affiliation. A copy of the list of witnesses shall be served on the Director of Arbitration at the same time and in the same manner as service on the parties. The arbitrator(s) may exclude from the arbitration any documents not exchanged or identified or witnesses not identified in accordance with the requirements of this paragraph. This paragraph does not require service of copies of documents or identification of witnesses that parties may use for cross-examination or rebuttal.

(d) *Pre-Hearing Conference.*

(1) Upon the written request of a party, an arbitrator, or at the discretion of the Director of Arbitration, a pre-hearing conference shall be scheduled. The Director of Arbitration shall set the time and place of a pre-hearing conference and appoint a person to preside. The pre-hearing conference may be held by telephone conference call. The presiding person shall seek to achieve agreement among the parties on any issues that relate to the pre- hearing process or to the hearing, including but not limited to, the exchange of information, exchange or production of documents, identification of witnesses, identification and exchange of hearing documents, stipulations of facts, identification and briefing of contested issues, and any other matters that will expedite the arbitration proceedings.

(2) Any issues raised at the pre-hearing conference that are not resolved may be referred by the Director of Arbitration to a single member of the Arbitration Panel for decision.

(e) *Decisions by Selected Arbitrator.* The Director of Arbitration may appoint a single member of the Arbitration Panel to decide all unresolved issues referred to under this Rule. In matters involving public customers, such single arbitrator shall be a public arbitrator, except the arbitrator may be either public or industry when the public customer has requested a panel consisting of a majority from the securities industry. Such arbitrator shall be authorized to act on behalf of the panel to issue subpoenas, direct appearances of witnesses and production of documents, set deadlines for compliance and issue any other ruling which will expedite the arbitration proceeding or is necessary to permit any party to develop fully its case. Decisions under this paragraph shall be made upon the papers submitted by the parties, unless the arbitrator calls a hearing. The arbitrator may elect to refer any issue under this paragraph to the full panel.

(f) *Subpoena.* The arbitrators and any counsel of record to the proceeding shall have the power of the subpoena process as provided by law. All parties shall be given a copy of the subpoena upon its issuance. However, the parties shall produce witnesses and present proofs to the fullest extent possible without resort to the subpoena process.

(g) *Power to Direct Appearances and Production of Documents.* The arbitrator(s) shall be empowered without resort to the subpoena process to direct the appearance of any Trading Permit Holder or

person employed by or associated with any Trading Permit Holder or TPH organization of the Exchange, and/or the production of any records in the possession or control of such persons, Trading Permit Holders or TPH organizations. Unless the arbitrator(s) direct otherwise, the party requesting the appearance of a person or the production of documents under this section shall bear all reasonable costs of such appearance and/or production.

Rule 14.25. Evidence

The arbitrators shall determine the materiality and relevance of any evidence proffered and shall not be bound by rules governing the admissibility of evidence.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.26. Interpretation of Code and Enforcement of Arbitrator Rulings

The arbitrator(s) shall be empowered to interpret and determine the applicability of all provisions under this Code and to take appropriate action to obtain compliance with any ruling by the arbitrator(s). Such interpretations and actions to obtain compliance shall be final and binding upon the parties.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.27. Determinations of Arbitrators

All rulings and determinations of the panel shall be by a majority of the arbitrators.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.28. Record of Proceedings

A verbatim record by stenographic reporter or tape recording of all arbitration hearings shall be kept. If a party or parties to a dispute elect to have the record transcribed, the cost of such transcription shall be borne by the party or parties making the request unless the arbitrators direct otherwise. The arbitrators may also direct that the record be transcribed. If the record is transcribed at the request of any party, a copy shall be provided to the arbitrators.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.29. Oaths of the Arbitrators and Witnesses

Prior to the commencement of the first session, an oath or affirmation shall be administered to the arbitrators. All testimony shall be under oath or affirmation.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.30. Amendments

(a) After the filing of any pleadings, if a party desires to file a new or different pleading, such change must be made in writing and filed with the Director of Arbitration with sufficient additional copies

for each arbitrator. The party filing a new or different pleading shall serve on all other parties a copy of the new or different pleading in accordance with the provisions set forth in Rule 14.17(b). The other parties may, within ten (10) business days from the receipt of service, file a response with the Director of Arbitration, with sufficient additional copies for each arbitrator, in accordance with Rule 14.17(b).

(b) After a panel has been appointed, no new or different pleading may be filed except for a responsive pleading as provided for in (a) above or with the panel's consent.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.31. Reopening of Hearings

Where permitted by law, the hearings may be reopened by the arbitrators on their own motion or in the discretion of the arbitrators upon application of a party at any time before the award is rendered.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.32. Awards

(a) All awards shall be in writing and signed by a majority of the arbitrators or in such manner as is required by law. Such awards may be entered as a judgment in any court of competent jurisdiction.

(b) Unless the law directs otherwise, all awards rendered pursuant to this Code shall be deemed final and not subject to review or appeal.

(c) The Director of Arbitration shall endeavor to serve a copy of the award:

(1) by registered or certified mail upon all parties, or their counsel, at the address of record;

(2) by personally serving the award upon the parties; or

(3) by filing or delivering the award in such manner as may be authorized by law.

(d) The arbitrator(s) shall endeavor to render an award within thirty (30) business days from the date the record is closed.

(e) The award shall contain the names of the parties, the name(s) of counsel, if any, a summary of the issues, including the type(s) of any security or product, in controversy, the damages and/or other relief requested, the damages and/or other relief awarded, a statement of any other issues resolved, the names of the arbitrators, the date that the claim was filed and the award rendered, the numbers and date of hearing sessions, the locations of the hearing(s) and the signatures of the arbitrators concurring in the award.

(f) The awards shall be made publicly available provided, however, that the name of any customer party to the arbitration will not be publicly available if he or she so requests in writing.

(g) All monetary awards shall be paid within thirty (30) days of receipt unless a motion to vacate has been filed with a court of competent jurisdiction. If such a motion has been filed, either party may

request the Chief Executive Officer or President to direct that the award be paid to an escrow account maintained by the Exchange. Such request shall be filed with the Secretary of the Exchange within thirty-five days of receipt of such award.

(h) An award shall bear interest from the date of the award:

(1) if not paid within thirty (30) days of receipt;

(2) if the award is the subject of a motion to vacate which is denied; or

(3) as specified by the arbitrator(s) in the award.

Interest shall be assessed at the legal rate, if any, then prevailing in the state where the award was rendered, or at a rate set by the arbitrator(s).

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.33. Miscellaneous

This Code shall be deemed a part of and incorporated by reference in every duly-executed Submission Agreement which shall be binding on all parties.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.34. Schedule of Fees

(a) At the time of filing a Claim, Counterclaim, Third-Party Claim or Cross-Claim, a party shall pay a non-refundable filing fee and shall remit a hearing session deposit to the Exchange in the amounts indicated in the schedules below unless such fee or deposit is specifically waived by the Director of Arbitration.

Where multiple hearing sessions are required, the arbitrator(s) may require any of the parties to make additional hearing deposits for each additional hearing session. In no event shall the amount deposited by all parties per additional hearing session exceed the amount of the largest initial hearing deposit made by any party under the schedule below.

(b) A hearing session is any meeting between the parties and the arbitrator(s), including a pre- hearing conference with an arbitrator, which lasts four (4) hours or less. The forum fee for a pre-hearing conference with a single arbitrator shall be the amount set forth in the schedules below.

(c) The arbitrator(s), in the award, may determine the amount chargeable to the parties as forum fees and shall determine who shall pay such forum fees. Forum fees are assessed to the parties on a per hearing session basis. The aggregate of the forum fee for each hearing session may equal but shall not exceed the amount of the largest initial hearing deposit deposited by any party, except in a case where claims have been joined subsequent to filing in which cases hearing session fees shall be computed as provided in paragraph (d). The arbitrators may determine in the award that a party shall reimburse to another party any non- refundable filing fee it has paid.

If a customer is assessed forum fees in connection with a Trading Permit Holder claim, forum fees assessed against the customer shall be based on the hearing deposit required under the Trading Permit Holder claims schedule for the amount awarded to Trading Permit Holder parties to be paid by the customer and not based on the size of the Trading Permit Holder claim. No fees shall be assessed against a customer in connection with a Trading Permit Holder claim that is dismissed; however, in cases where there is also a customer claim, the customer may be assessed forum fees based on the customer claim under the procedure set out above.

Amounts deposited by a party as hearing deposits shall be applied against forum fees, if any.

In addition to forum fees, the arbitrator(s) may determine in the award the amount of costs incurred pursuant to Rules 14.17(e), 14.22 and 14.28 and, unless applicable law directs otherwise, other costs and expenses of the parties. The arbitrator(s) shall determine by whom such costs shall be borne.

If the hearing session fees are not assessed against a party who had made a hearing deposit, the hearing deposit will be refunded unless the arbitrators determine otherwise.

(d) For claims filed separately and subsequently joined or consolidated under Rule 14.17(d), the hearing deposit and forum fees assessable per hearing session after joinder or consolidation shall be based on the cumulative amount in dispute. The arbitrator(s) shall determine by whom such forum fees shall be borne.

(e) If the dispute, claim or controversy does not involve, disclose or specify a money claim, the non-refundable filing fee will be $250 and the hearing session deposit to be remitted by a party shall be $600 or such greater or lesser amounts as the Director of Arbitration or the panel of arbitrators may require, but shall not exceed $1,500.

(f) The Exchange shall retain the total initial hearing session amount deposited by all the parties in any matter submitted and settled or withdrawn within eight (8) business days of the first scheduled hearing session other than a pre-hearing conference.

(g) Any matter submitted and thereafter settled or withdrawn subsequent to the commencement of the first hearing session, including a pre-hearing conference with an arbitrator, shall be subject to an assessment of forum fees and costs incurred pursuant to Rules 14.17(e), 14.22 and 14.28 based on hearing session(s) held and scheduled within eight (8) business days of the Exchange receiving notice that the matter has been settled or withdrawn. The arbitrator(s) shall determine by whom such forum fees and costs shall be borne.

(h) *Schedule of Fees*

For purposes of the schedule of fees the term claim includes Claims, Counterclaims, Third- Party Claims or Cross-Claims. Any such claim involving a customer and a Trading Permit Holder or person associated with a Trading Permit Holder is a customer claim. Any such claim submitted by a Trading Permit Holder or a person associated with a Trading Permit Holder against another Trading Permit Holder is a Trading Permit Holder claim.

CUSTOMER CLAIM FEE SCHEDULE

Amount of Dispute (Exclusive of Interest and Expenses)	Filing Fee	Pre-Hearing Conference Fee	Hearing Deposit Fee Per Session	
			Simplified	Hearing
$1000 or less	$15	$15	$15	$15
$1,001 to $2,500	$25	$25	$25	$25
$2,501 to $5,000	$50	$100	$75	$100
$5,001 to $10,000	$75	$200	$75	$200
$10,001 to $30,000	$100	$300	N/A	$400
$30,001 to $50,000	$120	$300	N/A	$400
$50,001 to $100,000	$150	$300	N/A	$500
$100,000 to $500,000	$200	$300	N/A	$750
$500,000 to $5,000,000	$250	$300	N/A	$1,000
Over $5,000,000	$300	$300	N/A	$1,500

TRADING PERMIT HOLDER CLAIM FEE SCHEDULE

Amount of Dispute (Exclusive of Interest and Expenses)	Filing Fee	Pre-Hearing Conference Fee	Hearing Deposit Fee Per Session
$1000 or less	$75	$15	$600
$1,001 to $2,500	$75	$25	$600
$2,501 to $5,000	$100	$100	$600
$5,001 to $10,000	$500	$200	$600
$10,001 to $30,000	$500	$300	$600
$30,001 to $50,000	$500	$300	$600

$50,001 to $100,000	$500	$300	$600
$100,000 to $500,000	$750	$500	$750
$500,000 to $1,000,000	$1,000	$500	$1,000
Over $1,000,000	$1,500	$500	$1,500

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.35. Requirements When Using Pre-Dispute Arbitration Agreements with Customers

(a) Any pre-dispute arbitration clause shall be highlighted and shall be immediately preceded by the following disclosure language (printed in outline form as set forth herein) which shall also be highlighted:

(1) Arbitration is final and binding on the parties.

(2) The parties are waiving their right to seek remedies in court, including the right to jury trial.

(3) Pre-arbitration discovery is generally more limited than and different from court proceedings.

(4) The arbitrators' award is not required to include factual findings or legal reasoning and any party's right to appeal or to seek modification of rulings by the arbitrators is strictly limited.

(5) The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.

(b) Immediately preceding the signature line, there shall be a statement which shall be highlighted that the agreement contains a pre-dispute arbitration clause. This statement shall also indicate at what page and paragraph the arbitration clause is located.

(c) A copy of the agreement containing any such clause shall be given to the customer who shall acknowledge receipt thereof on the agreement or on a separate document.

(d) No agreement shall include any condition which limits or contradicts the rules of any self-regulatory organization or limits the ability of a party to file any claim in arbitration or limits the ability of the arbitrators to make any award.

(e) All agreements shall include a statement that:

"No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until:

(1) the class certification is denied; or

(2) the class is decertified; or

(3) the customer is excluded from the class by the court.

Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this agreement except to the extent stated herein."

(f) The requirements of paragraphs (a) through (d) of this Rule shall apply only to new agreements signed by an existing or new customer of a Trading Permit Holder or TPH organization after September 7, 1989. The requirements of paragraph (e) shall apply only to new agreements signed by an existing or new customer of a Trading Permit Holder or TPH organization after January 23, 1996.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

Rule 14.36. Failure to Honor Award

Any Trading Permit Holder, person associated with a Trading Permit Holder, or former Trading Permit Holder or associated person, who fails to honor an award of arbitrators appointed in accordance with these rules shall be subject to disciplinary proceedings in accordance with Chapter 13 of Exchange Rules.

[Effective October 7, 2019 (SR-CBOE-2019-065)]

CHAPTER 15. HEARINGS AND REVIEW

Rule 15.1. Scope of Chapter

This Chapter provides the procedure for persons aggrieved (in an economic sense) by Exchange action, including, but not limited to, those persons or organizations who have been denied from becoming Trading Permit Holders, barred from becoming associated with a Trading Permit Holder, or prohibited or limited with respect to Exchange services, or the services of any Trading Permit Holder, taken pursuant to any contractual arrangement, the Bylaws or the Rules of the Exchange (other than disciplinary action for which review is provided in Chapter 13 and other than action of the Arbitration Committee, from which there is no review) to apply for an opportunity to be heard and to have the complained of action reviewed.

[Effective October 7, 2019 (SR-CBOE-2019-072)]

Rule 15.2. Submission of Application to Exchange

(a) *Application.* A person who is aggrieved by any action of the Exchange within the scope of this Chapter 15 and who desires to have an opportunity to be heard with respect to such action shall file a written application with the Secretary of the Exchange within 30 days after such action has been taken. The application shall state the action complained of and the specific reasons why the applicant takes exception to such action and the relief sought. In addition, if the applicant intends to submit any additional documents, statements, arguments or other material in support of the application, same should be so stated and identified. The application for an extension and the reasons therefor must be filed with the Secretary of the Exchange in writing.

(b) *Extensions of Time to File Applications.* An application which is not filed within the time specified in paragraph (a) of this Rule shall not be considered by the Appeals Committee, unless the applicant files his application within such extension of time as allowed by the Chairman of the Appeals Committee. In order to obtain an extension of time within which to file an appeal, the applicant must, within the time specified in paragraph (a) of this Rule, file with the Secretary of the Exchange an application for an extension of time within which to submit the application. Such an application for an extension will be ruled upon by the Chairman of the Appeals Committee, and his ruling will be given in writing. Rulings on applications for extensions of time are not subject to appeal under this Chapter 15.

[Effective October 7, 2019 (SR-CBOE-2019-072)]

Rule 15.3. Procedure Following Applications for Hearing

(a) *Panel.* Applications for hearing and review shall be referred by the Secretary to the Appeals Committee which shall appoint a hearing panel of no less than three persons. A record of the proceedings shall be kept.

(b) *Documents.* The panel so appointed will set a hearing date and shall be furnished with all material relevant to the proceeding at least 72 hours prior to the date of the hearing. Each party shall have the right to inspect and copy the other party's material prior to the hearing.

(c) *Notice.* Parties to the proceeding shall be informed of the composition of the panel at least 72 hours prior to the scheduled hearing by the Secretary.

[Effective October 7, 2019 (SR-CBOE-2019-072)]

Rule 15.4. Hearing

(a) *Participants.* The parties to the hearing shall consist of the applicant and a representative of the Exchange who shall present the reasons for the action taken by the Exchange Committee or Department which allegedly aggrieved the applicant. In addition, any other person may intervene as a party in the hearing when the person claims an interest in the transaction which is the subject of the action and is so situated that the disposition of the action may, as a practical matter impair or impede that person's ability to protect that interest unless it is adequately represented by existing parties. Also, the panel may, in its discretion, permit a person to intervene in the action as a party when the person's claim or defense and the main action have a question of law and fact in common. The panel, in exercising this discretion, shall consider whether the intervention will unduly delay or prejudice the adjudication or the rights of the original parties.

(b) *Counsel.* The applicant is entitled to be accompanied, represented and advised by counsel at all stages of the proceeding.

(c) *Procedure for Intervention.* The person seeking intervention shall serve a motion to intervene on the Secretary which will be transmitted to the panel. The motion shall state the grounds therefor and shall set forth the claim or defense upon which the intervention is sought.

(d) *Conduct of Hearing.* The panel shall determine all questions concerning the admissibility of evidence and shall otherwise regulate the conduct of the hearing. Each of the parties shall be permitted to make an opening statement, present witnesses and documentary evidence, cross-examine opposing witnesses and present closing arguments orally or in writing as determined by the panel. The panel shall also have the right to question all parties and witnesses to the proceeding and a record shall be kept. The formal rules of evidence shall not apply.

(e) *Decision.* The Appeals Committee panel's decision shall be made in writing and shall be sent to the parties to the proceedings. Such decision shall contain the reasons supporting the conclusions of the panel.

[Effective October 7, 2019 (SR-CBOE-2019-072)]

Rule 15.5. Review

(a) *Petition.* The decision of the panel of the Appeals Committee shall be subject to review by the Board either on its own motion within thirty days after issuance, upon written request submitted by the applicant below, by the President of the Exchange or by the Chairman of the committee

whose action was subject to the prior review of the Appeals Committee, within 15 days after issuance of the decision. Such petition shall be in writing and shall specify the findings and conclusions to which exceptions are taken together with the reasons for such exceptions. Any objection to a decision not specified by written exception shall be considered to have been abandoned and may be disregarded. Parties may petition to submit a written argument to the Board and may request an opportunity to make an oral argument before the Board. The Board, or a committee of the Board, will have sole discretion to grant or deny either request.

(b) *Conduct of Review.* The review shall be conducted by the Board or a Committee of the Board composed of at least three Directors (which review is subject to ratification by the Board). Any Director who participated in a matter before it was appealed to the Board shall not participate in any review action by the Board concerning that matter. The review shall be made upon the record and shall be made after such further proceedings, if any, as the Board or its designated Committee may order. An applicant shall be given notice of and a chance to address any issues raised by the Board on its own initiative. Based upon such record, the Board may affirm, reverse or modify in whole or in part, the decision below. The decision of the Board shall be in writing and sent to the parties to the proceeding.

[Effective October 7, 2019 (SR-CBOE-2019-072)]

Rule 15.6. Miscellaneous Provisions

(a) *Service of Notice.* Any notices or other documents may be served upon the applicant either personally or by leaving the same at his place of business or by deposit in the United States post office, postage prepaid via registered or certified mail addressed to the applicant at his last known business or residence address.

(b) *Extension of Time Limits.* Any time limits imposed under this Chapter for the submission of answers, petitions or other materials may be extended by permission of the Secretary of the Exchange. All papers and documents relating to review by the Appeals Committee, the Board or its designated committee must be submitted to the Secretary of the Exchange.

[Effective October 7, 2019 (SR-CBOE-2019-072)]

Rule 15.7. Requests for Verification of Fees and Other Charges

(a) *Scope.* This Rule 15.7 provides procedures for a Trading Permit Holder to seek verification of fees and other charges imposed on such Trading Permit Holder by the Exchange, which procedures are separate from those set forth in Rules 15.1 through 15.6 and shall apply only if the Rule or other authority for imposing the relevant fee or charge expressly so provides.

(b) *Charge.* For purposes of this Rule 15.7, the term "charge" shall mean a fee or other charge imposed on a Trading Permit Holder by the Exchange.

(c) *Deadlines.* When a charge to which this Rule 15.7 applies is billed, the Exchange shall set a time period, which shall be no shorter than 15 days, for the Trading Permit Holder to request

verification of the charge. Such requests shall be made in the manner and form required by the Exchange. During the verification process, the Exchange may require that substantiating evidence must be provided by the Trading Permit Holder requesting verification by a stated deadline which shall be no earlier than seven days after notice of such deadline is sent to such Trading Permit Holder.

(d) *Factual Issues Only.* Requests for verification shall deal solely with factual issues and the application thereto of the Rule or other authority under which the charge was imposed.

(e) *Determinations.* Exchange employees shall verify the accuracy of the charge for which a request for verification was made and determine whether the charge should remain as billed or should be modified or eliminated. The Exchange may require the Trading Permit Holder who requested verification to submit documentary evidence or other information supporting the requester's position. The burden shall be on such Trading Permit Holder to produce such pertinent evidence or information. The Exchange shall not be required to take extraordinary steps or spend an unreasonable amount of time in investigating any request for verification. Notice of the determination made shall be given in writing to the Trading Permit Holder who made the request.

(f) *Appeal of request for verification.* A determination on a request for verification may be appealed under Rules 15.1 through 15.6 only if the Rule or other authority for imposing the relevant charge expressly so provides.

[Effective October 7, 2019 (SR-CBOE-2019-072)]