



Cboe C2 Exchange, Inc.

Rules of Cboe C2 Exchange, Inc.

(Updated as of February 5, 2021)

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CHAPTER 1

Definitions and General Rules

Rule 1.1. Definitions

ABBO

The term “ABBO” means the best bid(s) or offer(s) disseminated by other Eligible Exchanges (as defined in Section E of Chapter 6) and calculated by the Exchange based on market information the Exchange receives from OPRA.

Adjusted Series

The term “adjusted 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 underlying stock or Units.

Affiliate and Affiliated with

The term “affiliate” of or a person “affiliated with” another person means a person who, directly or indirectly, controls, is controlled by, or is under common control with, such other person.

All Sessions Classes

The term “All Sessions classes” mean the options classes the Exchange lists for trading during both GTH and RTH.

API

The term “Application Programming Interface” or “API” means the computer interface that allows market participants with authorized access to interface electronically with the Exchange.

Associated Person or Person Associated with a Trading Permit Holder

The term “associated person” or “person associated with a Trading Permit Holder” means 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.

Bid

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

BBO

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

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 on which orders and quotes may execute during the applicable trading session. The Book during GTH may be referred to as the “GTH Book,” and the Book during RTH may be referred to as the “RTH Book.”

Bulk Message

The term “bulk message” means a bid or offer included in 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 6.8(c)(3). The System handles a bulk message 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 the same may be 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 the number of units of the underlying security or index covered by the option contract, at a price per unit equal to the exercise price, 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:

<u>Code</u>	<u>Capacity Type</u>
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

Cboe Options

The term “Cboe Options” means Cboe Exchange, Inc.

Cboe Options Trading Permit

For purposes of C2’s Rules, the term “Cboe Options Trading Permit” means a “Trading Permit” as such term is defined in Cboe Options Bylaws and Rules.

Cboe Options Trading Permit Holder

For purposes of C2’s Rules, the term “Cboe Options Trading Permit Holder” means a “Trading Permit Holder” as such term is defined in Cboe Options Bylaws and Rules.

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 or OCC

The terms “Clearing Corporation” or “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.

Commission or SEC

The terms “Commission” or “SEC” mean the U.S. Securities and Exchange Commission.

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 in a ratio greater than or equal to one-to-three (.333) and less than or equal to three-to-one (3.00) 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.

Control

The term “control” means the power to exercise a controlling influence over the management or policies of a person, unless such power is solely the result of an official position with such 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 which directly or through one or more affiliates owns beneficially more than 25% of the voting power in the election of directors of such corporation, is presumed to control such corporation.

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.

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.

EFID

The term “EFID” means an Executing Firm ID.

Equity Option

The term “equity option” means an option on an equity security or Unit.

Exchange or C2

The terms “Exchange” or “C2” mean Cboe C2 Exchange, Inc.

Exchange Act

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

Exercise Price

The term “exercise price” means the specified price per unit at which the underlying security 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 such option contract, or if such 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.

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 6.1.

He, Him, or His

The terms “he,” “him,” or “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.

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

The term index portfolio receipts or “IPRs” means securities that (a) represent an interest in a unit investment trust (“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

The term “Index Portfolio Shares” or IPSs means 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.

Limit Up-Limit Down State

The term “limit up-limit down state” has the meaning set forth in Rule 6.39.

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 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.

Market-Maker

The term “Market-Maker” means a Trading Permit Holder registered with the Exchange for the purpose of making markets in option contracts traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter 8 of these Rules.

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.

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.

Offer

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

OPRA

The term “OPRA” means the Options Price Reporting Authority.

Option Contract

The term “option 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 that the System receives from a User. Order types are listed in Rule 6.10.

Order Entry Firm or OEF

The terms “Order Entry Firm” or “OEF” mean a Trading Permit Holder representing as agent Customer orders on the Exchange or a non-Market Maker Trading Permit Holder conducting proprietary trading.

Order Instruction

The term “order instruction” means a processing instruction a User may apply to an order (multiple instructions may apply to a single order) when entering it into the System. Order instructions are listed in Rule 6.10.

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.

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” has the meaning set forth in Rule 6.8.

Primary Market

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

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 .02 to this Rule 1.1 describes how certain orders should be counted for Professional order counting purposes. A Professional will be treated in the same manner as a broker or dealer in securities for purposes of Rules 6.11, 6.12, 6.13, and 6. 29. All Professional orders must be marked with the Capacity code required by this Rule 1.1.

Protected Quotation

The term “Protected Quotation” means a Protected Bid or Protected Offer, as each of those terms is defined in Rule 6.80.

Public Customer

The term “Public Customer” means a person that is not a broker or dealer in securities.

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 the number of units of the underlying security or index covered by the option contract, at a price per unit equal to the exercise price, upon the timely exercise of the option.

Quote or Quotation

The terms “quote” or “quotation” mean a bid or offer entered by a Market-Maker as a firm order, which updates the Market-Maker’s previous bid or offer, if any.

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 6.1.

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.

RTH Classes

The term “RTH classes” means the options classes 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.

Series or Series of Options

The terms “series” or “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.

System

The term “System” means the automated trading system the Exchange uses for the trading of option contracts.

System Securities

The term “System Securities” means all options that currently trade on the Exchange pursuant to Chapters 5 and 24.

Time-in-Force

The term “Time-in-Force” has the meaning set forth in Rule 6.10.

Trade Desk

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

Trading Permit

The term “Trading Permit” means a permit issued by the Exchange that confers the ability to transact on the Exchange.

Trading Permit Holder or TPH

The terms “Trading Permit Holder” or “TPH” mean an Exchange-recognized holder of a Trading Permit. A Trading Permit Holder is deemed a “member” under the Exchange Act.

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 6.1. Unless otherwise specified in the rules or the context otherwise indicates, all Rules apply in the same manner during each trading session.

Transaction

The term “transaction” means a transaction involving an option contract effected on or through the Exchange or its facilities or systems.

Trust Issued Receipt

The term “Trust Issued Receipt” means a security that (a) is issued by a trust (“Trust”), which 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.

Underlying Security

The term “underlying security” means the security that the Clearing Corporation must sell (in the case of a call option contract) or purchase (in the case of a put option contract) upon the valid exercise of the option contract.

Unit

The term “Unit” means shares or other securities traded on a national securities exchange and defined as an “NMS stock” under Rule 600 of Regulation NMS, and that satisfy the criteria in Rule 5.3, Interpretation and Policy .06.

Unit of Trading

The term “unit of trading” is defined in Rule 6.2.

User

The term “User” means any Trading Permit Holder or Sponsored User who is authorized to obtain access to the System pursuant to Rule 6.8.

. . . Interpretations and Policies:

.01 To the extent a term is used in any Rules incorporated by reference to Cboe Options rules and not otherwise defined in the Rules, the term has the meaning set forth in the Cboe Options rules.

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

(a) Complex Orders:

- (1) A complex order comprised of eight (8) legs or fewer counts as a single order.
- (2) 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:

(1) Except as provided in paragraph (c)(2) 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).

(2) 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.

(3) 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.

(4) Pegged Orders: Notwithstanding the provisions of paragraph (c)(2) 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.

[Adopted December 10, 2009; Amended June 17, 2010 (SR-C2-2010-002); Amended September 30, 2010 (SR-C2-2010-004); Amended October 22, 2010 (SR-C2-2010-005); Amended November 3, 2010 (SR-C2-2010-008); Amended October 18, 2012 (SR-C2-2012-024); Amended August 19, 2013 (SR-C2-2013-031); Amended September 26, 2013 (SR-C2-2013-034); Amended October 28, 2013 (SR-C2-2013-038); Amended June 23,

2016 (SR-C2-2016-009); Amended June 29, 2016 (SR-C2-2016-010); Amended March 6, 2017 (SR-C2-2017-010); Amended May 14, 2018 (SR-C2-2018-005); Amended October 5, 2018 (SR-C2-2018-019); Amended January 18, 2019 (SR-C2-2018-025); Amended May 24, 2019 (SR-C2-2019-009); Amended April 24, 2020 (SR-C2-2020-005); Amended June 5, 2020 (SR-C2-2020-006)]

Rule 1.2. 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 will be 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 or series-by-series basis, the Exchange may make a determination for GTH that differs from the determination it makes for RTH.

[Adopted May 14, 2018 (SR-C2-2018-005); Amended May 24, 2019 (SR-C2-2019-009)]

Rule 1.3. Time

Unless otherwise specified, all times in the Rules are Eastern time, except for times in Rules incorporated by reference to Cboe Options rules, which are times as set forth in the applicable Cboe Options rules.

[Adopted May 14, 2018 (SR-C2-2018-005)]

CHAPTER 2 Fees and Other Charges

Rule 2.1. Trading Permit Holder Fees

The Exchange fixes, from time to time, fees payable by Trading Permit Holders, which are payable in full on the first day of each month on a nonrefundable basis and applied to the month beginning on that day.

[Adopted December 10, 2009; Amended May 14, 2018 (SR-C2-2018-005)]

Rule 2.2. 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 Fifty Thousand Dollars (\$50,000.00). This provision does not apply to disciplinary actions by the Exchange, to administrative appeals of Exchange actions, or in any specific instance where the Board has granted a waiver of this provision.

[Adopted December 10, 2009; Amended June 4, 2015 (SR-C2-2015-010); Amended May 14, 2018 (SR-C2-2018-005)]

Rule 2.3 Regulatory Revenues

The Exchange may not use any revenues it receives from fees derived from its regulatory function or regulatory fines for non-regulatory 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.

[Adopted December 10, 2009; Amended May 14, 2018 (SR-C2-2018-005)]

CHAPTER 3

Trading Permit Holders

Section A. TPH Qualifications

Rule 3.1. Trading Permits

(a) *Issuance.* The Exchange issues Trading Permits to Trading Permit Holders. There is no limit on the number of Trading Permits the Exchange may issue, however, the Exchange may limit or decrease the number of Trading Permits it has determined to issue. The Exchange will announce in advance any limitation or decrease it plans to impose pursuant to this Rule. In the event the Exchange imposes a limitation or decrease pursuant to this Rule, the Exchange may not eliminate the ability of an existing Trading Permit Holder or Cboe Options Trading Permit Holder to trade on C2 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 addition, in no event will 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.

(b) *Qualification Requirements.* A Trading Permit Holder must be registered as a broker-dealer pursuant to Section 15 of the Exchange Act. If a Trading Permit Holder intends to transact business with the public, it must obtain approval to transact business with the public pursuant to Rule 9.1 or be approved to transact business with the public by another national securities exchange.

(c) *Application Process.*

(1) *Cboe Options Trading Permit Holders.* A Cboe Options Trading Permit Holder in good standing is eligible to receive one Trading Permit (regardless of the number of Cboe Options Trading Permits held by that Cboe Options Trading Permit Holder). Cboe Options Trading Permit Holder applicants are not required to complete and submit an Exchange application. Instead, only Exchange forms concerning electing to trade on the Exchange, submitting to Exchange jurisdiction, and operational matters need be completed and tendered.

(2) *Non-Cboe Options Trading Permit Holders.* All non-Cboe Options Trading Permit Holders seeking to hold a Trading Permit (“Applicant”) must submit an application to the Exchange in accordance with the procedures established by the Exchange, including submission deadlines and payment of any applicable application fees. In addition:

(A) Each Applicant must promptly update the application materials submitted to the Exchange if any of the information provided in these materials becomes inaccurate or incomplete after the date of submission of the application to the Exchange and prior to any approval of the application.

(B) The Exchange will investigate each Applicant applying to be a Trading Permit Holder (with the exception of any Applicant that was a Trading Permit Holder within 9 months prior to the date of receipt of that Applicant’s application by the Exchange, and any Applicant that was investigated by the Exchange within 9 months prior to the date of receipt of that Applicant’s application by the Exchange). The Exchange may investigate any Applicant that is not required to be investigated pursuant to this paragraph. In connection with an investigation conducted pursuant to this paragraph, the Exchange may (i) conduct a fingerprint based criminal records check of the Applicant and its Responsible Person; or (ii) utilize the results of a fingerprint based criminal records check of the Applicant and its Responsible Person conducted by the Exchange or another self-regulatory organization within the prior year.

(C) The Exchange may approve an application submitted pursuant to this Rule only if any investigation pursuant to paragraph (B) above has been completed, and any applicable orientation and/or exam requirements established by the Exchange have been satisfied.

(D) Each Applicant that submits an application pursuant to paragraph (c)(2) of this Rule must submit to the Exchange 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.

(E) Upon completion of the application process, the Exchange determines whether to approve or disapprove the application, 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. In such an instance, the Exchange need not act on any application submitted by that Applicant until the matter has been resolved.

(F) The Exchange provides to the Applicant written notice of the action regarding an application to become a Trading Permit Holder, specifying in the case of disapproval of an application the grounds thereof.

(G) Every Applicant must have and maintain membership in another options exchange registered under the Exchange Act and that is not registered solely under Section 6(g) of the Exchange Act.

(d) *Rights of Permit Holder.* No rights are conferred upon a Trading Permit Holder except those set forth in the Bylaws or Rules as amended from time to time. A Trading Permit conveys no ownership interest in the Exchange. Trading Permits may not be leased and are not transferable except in the event of a change in control or corporate reorganization involving a Trading Permit Holder. In such a case, Trading Permit Holder status may be transferred to a qualified affiliate or successor upon written notice to the Exchange.

(e) *Fees and Charges for Trading Permits.* Trading Permits are subject to the fees and charges the Exchange establishes from time to time pursuant to Rule 2.1 and the Exchange Fee Schedule. The entire fee for a Trading Permit is due and payable in accordance with the Exchange Fee Schedule. An organization holding a Trading Permit in its name is responsible for paying all fees and charges for that Trading Permit. An individual holding a Trading Permit in his or her name is responsible for paying all fees and charges for that Trading Permit.

(f) *Exchange Jurisdiction over Trading Permit Holders.* Every Trading Permit Holder is subject to the regulatory jurisdiction of the Exchange under the Exchange Act, the Bylaws,

and the Rules, including without limitation the Exchange's disciplinary jurisdiction under Chapter 17 of the Rules.

(g) *Types and Terms of Trading Permits.* The Exchange may issue different types of Trading Permits that allow holders to trade one or more products authorized for trading on the Exchange, and to act in one or more trading functions authorized by the Rules. Trading Permits are for terms determined by the Exchange from time to time. The Exchange will announce the types and terms of the Trading Permits it has determined to issue.

(h) *Limiting or Reducing the Number of Types of Trading Permits.* The Exchange may limit or reduce the number of any type of Trading Permit it has determined to issue. The Exchange will announce any limitation or reduction it imposes pursuant to this paragraph. 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 Commission under Section 19(b) of the Exchange Act. In no event will the Exchange act in a manner under this paragraph that does not comply with the provisions of Section 6(c)(4) of the Exchange Act.

(i) *Increasing the Number of Types of Trading Permits.* The Exchange may increase the number of any type of Trading Permit it has determined to issue by issuing additional Trading Permits of that type. The Exchange will announce any increase it implements pursuant to this paragraph.

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

(k) *Preservation of Exchange's Authority.* Notwithstanding any other provision in this Rule 3.1, this Rule does not eliminate or restrict the Exchange's authority to delist any product or to take any action (remedial or otherwise) under the Exchange 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 Exchange Act, the Bylaws, and the Rules.

[Adopted December 10, 2009; Amended June 17, 2010 (SR-C2-2010-002); Amended September 30, 2010 (SR-C2-2010-004); Amended January 3, 2011 (SR-C2-2011-02); Amended May 14, 2018 (SR-C2-2018-005)]

Rule 3.2. Denial of and Conditions to Being a Trading Permit Holder or an Associated Person

(a) The Exchange may deny or condition an Applicant (as defined in Rule 3.1(c)(2)) from becoming a Trading Permit Holder or a person from becoming associated with a Trading

Permit Holder for the same reasons that the Commission may deny or revoke a broker-dealer registration and for those reasons required or allowed under the Exchange Act.

(b) The Exchange also may deny or condition an Applicant from becoming a Trading Permit Holder or a person from becoming associated 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, 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, including failure of any required qualification examinations.

(c) The Exchange may determine not to permit a Trading Permit Holder or a person associated with a Trading Permit Holder to continue being a Trading Permit Holder (or associated person) or may condition such continuance as a Trading Permit Holder (or association) 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 person after approval;

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

(3) violates any agreement with the Exchange.

(d) Any decision made by the Exchange pursuant to this Rule must be consistent with both the provisions of this Rule and the provisions of the Exchange Act.

(e) Any Applicant who has been denied from becoming a Trading Permit Holder (associated person) or has condition(s) imposed on becoming a Trading Permit Holder (associated person) pursuant to paragraph (a) or (b) of this Rule, and any Trading Permit Holder (associated person) who is not permitted to continue being a Trading Permit Holder (associated person) or whose continuance as a Trading Permit Holder (associated person) is conditioned pursuant to paragraph (c) of this Rule, may appeal the Exchange's decision under Chapter 19. No determination of the Exchange to discontinue or condition a Trading

Permit Holder (associated person) pursuant to paragraph (c) of this Rule will take effect until the review procedures under Chapter 19 have been exhausted or the time for review has expired.

[Adopted December 10, 2009; Amended May 14, 2018 (SR-C2-2018-005)]

Rule 3.3. Persons Associated with Trading Permit Holder

(a) Persons associated with Trading Permit Holders are 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 Trading Permit Holder 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 Trading Permit Holder, 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 Trading Permit Holder that is required to be disclosed on Exchange Act Form BD as a direct owner or executive officer is required to submit to the Exchange an application for approval to become associated with the Trading Permit Holder in that capacity. No person may become associated with a Trading Permit Holder 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 Trading Permit Holder with which that person is associated will be subordinate in right of payment to customers and other Trading Permit Holders.

[Adopted December 10, 2009; Amended June 17, 2010 (SR-C2-2010-002); Amended May 14, 2018 (SR-C2-2018-005)]

Rule 3.4. Reserved

Rule 3.5. Trading Permit Holders and Persons Associated with a Trading Permit Holder Who Are or Become Subject to a Statutory Disqualification

(a) The Exchange may determine in accordance with the provisions of this Rule not to allow 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 Exchange, 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 must 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 will appoint a panel composed of three Trading Permit Holders or persons associated with 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 must promptly submit any information requested by the Exchange or hearing panel in connection with the proceeding.

(f) The hearing panel will 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 must 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 will 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 regulates the conduct of the hearing, and formal rules of evidence do not apply. The subject of the proceeding must attend the hearing, and the Exchange 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 will be kept.

(g) Following the hearing, the hearing panel prepares a 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 will be in writing and set forth the basis for the decision. The decision must be promptly provided to the subject of the proceeding under this Rule and to the Board. The Board or its designee may determine within 7 days after the issuance of the hearing panel's decision to order review of the

decision. If the Board or its designee does not order review of the hearing panel's decision, the hearing panel's decision becomes the final decision of the Exchange.

(h) If the Board or its designee orders review of the hearing panel's decision, the review will be conducted by the Board or its designee or a panel thereof composed of at least 3 members of the Board. Unless the Board or its designee decides to open the record for the introduction of additional information or argument, any determination to order review of the hearing panel's decision and any review of the decision will be based solely on the record of the proceeding. The decision of the Board or its designee will be in writing, promptly provided to the subject of the proceeding, and 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 may 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 an 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 determines whether it 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 a Trading Permit Holder or an associated person of a Trading Permit Holder is or becomes subject to a statutory disqualification under the Exchange Act, the Trading Permit Holder must immediately provide written notice to the Exchange of the name of the Trading Permit Holder or associated person, the associated 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 3.5 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 holding a Trading Permit and either:

(a) Exchange Act Rule 19h-1(a)(2) or (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 holding a Trading Permit; or

(b) the Exchange determines that it is otherwise appropriate to waive the hearing provisions of Rule 3.5 under the circumstances.

[Adopted December 10, 2009; Amended September 30, 2010 (SR-C2-2010-004); Amended May 14, 2018 (SR-C2-2018-005)]

Rule 3.6. Dissolution and Liquidation of Trading Permit Holders

Every Trading Permit Holder must promptly provide written notice to the Exchange of any adoption of a plan of liquidation or dissolution of the Trading Permit Holder and of any actual liquidation or dissolution of the Trading Permit Holder. Upon receipt of such a notice, the Exchange may suspend the Trading Permit Holder in accordance with Chapter 16 of the Rules.

[Adopted December 10, 2009; Amended May 14, 2018 (SR-C2-2018-005)]

Rule 3.7. Obligations of Terminating Trading Permit Holders

Each terminating Trading Permit Holder must promptly (a) make any outstanding filings required under the Rules, and (b) pay any outstanding fees, assessments, charges, fines, or other amounts due to the Exchange, the Commission, or the Securities Investor Protection Corporation.

[Adopted December 10, 2009; Amended May 14, 2018 (SR-C2-2018-005)]

Rule 3.8. Responsible Person

Each organization that is a Trading Permit Holder must designate an individual as the Responsible Person (as defined in Rule 1.1) for the Trading Permit Holder. The Responsible Person must be affiliated with the Trading Permit Holder.

[Adopted December 10, 2009; Amended May 14, 2018 (SR-C2-2018-005)]

Rule 3.9. Integrated Billing System

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.

[Adopted December 10, 2009; Amended May 14, 2018 (SR-C2-2018-005)]

Rule 3.10. Letters of Guarantee and Authorization

(a) Each Trading Permit Holder must 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.

(b) 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.

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

(d) 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.

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

(f) If a Clearing Trading Permit Holder has been suspended as a Clearing Member of the Clearing Corporation or as a Trading Permit Holder, all existing letters of guarantee and authorization from that Clearing Trading Permit Holder will 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.

(g) The invalidation of a letter of guarantee or authorization in no way relieves 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.

(h) 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 will automatically be terminated.

[Adopted December 10, 2009; Amended April 19, 2013 (SR-C2-2013-018); Amended May 14, 2018 (SR-C2-2018-005); Amended May 14, 2018 (SR-C2-2018-005)]

Rule 3.11. C2 Pledge

In a manner and form prescribed by the Exchange, each Applicant, Trading Permit Holder, and associated person required to be approved by the Exchange pursuant to Rule 3.3(b) must pledge to abide by the Rules, as from time to time amended, and by all circulars, notices, directives, or decisions adopted pursuant to or made in accordance with the Rules.

[Adopted December 10, 2009; Amended May 14, 2018 (SR-C2-2018-005)]

Rule 3.12. Maintaining Current Address

Each Trading Permit Holder must maintain with the Exchange its current (a) business address and (b) address where notices may be served.

[Adopted December 10, 2009; Amended May 14, 2018 (SR-C2-2018-005)]

Rule 3.13. Educational Classes

Trading Permit Holders and persons associated with Trading Permit Holders are required to attend such educational classes as 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 Rule 17.50. Any action taken hereunder does not preclude further disciplinary action under Chapter 17 of the Rules.

[Adopted November 3, 2010 (SR-C2-2010-008); Amended May 14, 2018 (SR-C2-2018-005)]

Rule 3.14. Effectiveness of a Trading Permit Holder

(a) Each Applicant must become effective as a Trading Permit Holder within 90 days of the date of the Applicant's approval for that status.

(b) An Applicant will become an effective Trading Permit Holder upon (1) satisfying the applicable requirements to obtain a Trading Permit and (2) release of a Trading Permit to that Trading Permit Holder by the Membership Services Department.

[Adopted June 4, 2015 (SR-C2-2015-011); Amended May 14, 2018 (SR-C2-2018-005)]

Rule 3.15. Sponsored Users

(a) *General.* This Rule governs electronic access for the entry and execution of orders by Sponsored Users with authorized access to the System 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 access to the System.

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

(1) Sponsored Users must enter into a sponsorship arrangement with a "Sponsoring Trading Permit Holder," which is defined as a Trading Permit Holder that agrees to sponsor the Sponsored User's access to the System. 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 System.

(B) For a Sponsored User to obtain and maintain authorized access to the System, 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 and Sponsored User (as if it were a Trading Permit Holder) each 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 System.

(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 System 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 System.

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

(vii) The Sponsored User agrees that it will take reasonable security precautions to prevent unauthorized use of or access to the System, including unauthorized entry of information into the System, or the information and data made available therein. 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 System by any person

acting on behalf of or in the name of 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 System. 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 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 Exchange. If such a written notice of revocation has not been filed with the Exchange at least one hour prior to the opening of trading on the particular business day, such revocation will not become effective until the close of trading on such day. A revocation in no way relieves the Sponsoring Trading Permit Holder or, if applicable, the Sponsored 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 System 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:

(A) 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 System, to prevent the unauthorized use or access to the Exchange or the System, including the unauthorized entry of information into the Exchange or the System, or the information and data made available therein; and

(B) otherwise comply with the Rules.

If the Exchange determines that a Sponsored User or an Authorized Trader has caused a Sponsoring Trading Permit Holder to violate the 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.

[Adopted December 10, 2009; Amended May 14, 2018 (SR-C2-2018-005)]

3.16. Affiliation Between the Exchange and a Trading Permit Holder

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 3.16 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 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.

[Adopted May 14, 2018 (SR-C2-2018-005)]

3.17. 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 (a) its Outbound Router function, (b) its Inbound Router function as described in Rule 3.18, (c) its usage of an error account in compliance with paragraph (a)(7) below, and (d) 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 6.29 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.

[Adopted May 14, 2018 (SR-C2-2018-005)]

Rule 3.18. 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 (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.

(b) 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.

[Adopted March 27, 2018 (SR-C2-2018-004); Amended May 14, 2018 (SR-C2-2018-005)]

Rule 3.19. Reserved

Section B. TPH Registration

Rule 3.30. Qualification and Registration

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

(1) Trading Permit Holders that are individuals and associated persons of Trading Permit Holders engaged or to be engaged in the securities business of a Trading Permit Holder must register with the Exchange in the category of registration appropriate to the function to be performed in a form and manner prescribed by the Exchange. Before the registration can become effective, the individual Trading Permit Holder (associated person) must pass a qualification examination appropriate to the category of registration in a form and manner prescribed by the Exchange and submit any required registration and examination fees. A Trading Permit Holder

may not maintain a registration with the Exchange for any person (A) who is no longer active in the Trading Permit Holder's securities business; (B) who is no longer functioning in the registered capacity; or (C) where the sole purpose is to avoid an examination requirement. A Trading Permit Holder may not apply for the registration of any person where there is no intent to employ that person in the Trading Permit Holder's securities business. A Trading Permit Holder may, however, maintain or apply for the registration of an individual who performs legal, compliance, internal audit, back-office operations, or similar responsibilities for the Trading Permit Holder, 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.

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

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

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

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

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

(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 subject to Exchange Act Rule 15c3-1 must designate a Financial/Operations Principal. The duties of a Financial/Operations Principal include taking appropriate actions to assure that the Trading Permit Holder 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 must register in that capacity with the Exchange in a form and manner prescribed by the Exchange. A Financial/Operations Principal of a Trading Permit Holder may be a full-time employee, a part-time employee or independent contractor of the Trading Permit Holder. Trading Permit Holders for which the Exchange is the Designated Examining Authority (“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 must 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 Exchange 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 must register in the category of registration appropriate to the function to be performed as prescribed by the Exchange, but will be exempt from the requirement to pass the heightened qualification examination as prescribed by the Exchange.

(d) *Registration Required Under Chapter 9.* Individual associated persons of a Trading Permit Holder that conducts a public customer business must also comply with the registration requirements set forth in Chapter 9. These additional registration categories include: (1) Registered Options Principal; and (2) 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 of the Exchange of a new application must 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 must electronically submit to FINRA’s Web Central Registration Depository (“CRD”) System a Uniform Application for Securities Industry Registration (“Form U4”) and any required amendments to Form U-4.

.02 Any Trading Permit Holder that discharges or terminates the employment or retention of an individual required to register under this Rule must comply with the termination filing requirements set forth in Rule 3.37(b) and (c).

.03 Each individual required to register under this Rule is required to satisfy the continuing education requirements set forth in Rule 3.33 and any other applicable continuing education requirements the Exchange prescribes.

.04 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.

.05 For purposes of subparagraph (a)(1) of Rule 3.30, the Exchange will consider an individual Trading Permit Holder or an individual associated person to be engaged in the securities business of a Trading Permit Holder 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:

(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.

.06 Each Trading Permit Holder must register with the Exchange in a heightened capacity each individual acting in any of the following capacities: (a) officer; (b) partner; (c) director; (d) supervisor of proprietary trading, market-making, or brokerage activities; and/or (e) supervisor of those engaged in proprietary trading, market-making, or brokerage activities with respect to those activities. Each Trading Permit Holder must register with the Exchange at least two individuals acting in one or more of the capacities described in (a) through (e) above. The Exchange may waive this requirement if a Trading Permit Holder demonstrates conclusively that only one individual acting in one or more of the capacities described in (a) through (e) above should be required to register. In addition, a Trading Permit Holder that

conducts proprietary trading only and has 25 or fewer registered persons must instead have a minimum of one officer or partner who is registered in this capacity.

For purposes of this Interpretation and Policy .06 to Rule 3.30, a Trading Permit Holder will be considered to conduct only proprietary trading if the Trading Permit Holder has the following characteristics:

- (a) The Trading Permit Holder 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 are the Trading Permit Holder’s own capital, traded through the Trading Permit Holder’s own accounts;
- (c) The Trading Permit Holder does not, and will not, have customers; and
- (d) All persons registered on behalf of the Trading Permit Holder acting or to be acting in the capacity of a trader must be owners of, employees of, or contractors to the Trading Permit Holder.

.07 (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 WebCRD 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 is required to register and qualify as a Securities Trader Principal (TP) in WebCRD and satisfy the prerequisite registration and qualification requirements; and

(3) is a Chief Compliance Officer (or performs similar functions) for a Trading Permit Holder 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 WebCRD 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 .07:

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 WebCRD, each applicant must provide documentation of a valid Series 23 license upon request for the Series 24 registration in WebCRD.

** Securities Trader Principals' (TP) supervisory authority is limited to supervision of the securities trading functions of TPHs, as described in subparagraph (a)(2) of Interpretation and Policy .07 to Rule 3.30 and officers, partners, and directors of a Trading Permit Holder.

.08 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.

.09 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 WebCRD prior to acting in such registered capacity on behalf of a Trading Permit Holder.

The rules contained in Cboe Options Chapter 3, Section B, as such rules may be in effect from time to time, apply to C2 and are incorporated into this Section. C2 Trading Permit Holders must comply with Cboe Options Chapter 3, Section B as if such rules were part of the Rules. Unless the context dictates otherwise, the following terms, or any variations of these terms, from Cboe Options Chapter 3, Section B have the following meanings for purposes of this Section: "Exchange" and "Cboe Options" mean "C2"; "Floor" means "System"; and "Trading Permit Holder" (i.e., Cboe Options Trading Permit Holder) means "Trading Permit Holder" (i.e., C2 Trading Permit Holder).

Notwithstanding the above paragraph, Cboe Options Rule 3.30 does not apply to C2.

[Adopted November 20, 2019 (SR-C2-2019-025)]

CHAPTER 4

Options Listing

Section A. Equity and ETP Options

The rules contained in Cboe Options Chapter 4, Section A, as such rules may be in effect from time to time, apply to C2 and are incorporated into this Section. Trading Permit

Holders must comply with Cboe Options Chapter 4, Section A as if those rules were part of the Rules. Unless the context dictates otherwise, the following terms, or any variations of these terms, from Cboe Options Chapter 4, Section A have the following meanings for purposes of this Section: “Exchange” and “Cboe Options” mean “C2”; and “Trading Permit Holder” (i.e., Cboe Options Trading Permit Holder) means “Trading Permit Holder (i.e., C2 Trading Permit Holder).”

Section B. Index Options

The rules contained in Cboe Options Chapter 4, Section B, as such rules may be in effect from time to time, apply to C2 and are incorporated into this Section. Trading Permit Holders must comply with Cboe Options Chapter 4, Section B as if those rules were part of the Rules. Unless the context dictates otherwise, the following terms, or any variations of these terms, from Cboe Options Chapter 4, Section B have the following meanings for purposes of this Section: “Exchange” and “Cboe Options” mean “C2”; and “Trading Permit Holder” (i.e., Cboe Options Trading Permit Holder) means “Trading Permit Holder” (i.e., C2 Trading Permit Holder).

Notwithstanding the above paragraph, Cboe Options Rules 4.15 (Range Options), 4.16 (Binary Options) and 4.17 (End-of-Day Indicative Values) do not apply to C2.

[Adopted December 10, 2009; Amended June 17, 2010 (SR-C2-2010-002); Amended February 16, 2011 (SR-C2-2011-005); Amended September 4, 2012 (SR-C2-2012-031); Amended May 14, 2018 (SR-C2-2018-005); Amended November 20, 2019 (SR-C2-2019-025)]

CHAPTER 5

Business Conduct

The rules contained in Cboe Options Chapter 8, as such rules may be in effect from time to time, apply to C2 and are incorporated into this Chapter. Trading Permit Holders must comply with Cboe Options Chapter 8 as if such rules were part of the Rules. Unless the context dictates otherwise, the following terms, or any variations of these terms, from Cboe Options Chapter 8 have the following meanings for purposes of this Chapter: “Exchange” and “Cboe Options” mean “C2”; “Trading Permit Holder” (i.e., Cboe Options Trading Permit Holder) means “Trading Permit Holder” (i.e., C2 Trading Permit Holder); “trading crowd” means “Exchange”; and “Clearing Trading Permit Holder” (i.e., Cboe Options Trading Permit Holder) means “Clearing Trading Permit Holders” (i.e., C2 Clearing Trading Permit Holder).

Notwithstanding the above paragraph, the rules contained in Cboe Options Chapter 8 regarding FLEX Options, Corporate Debt Security options, Credit Options, Government security options, Binary Options, interest rate options and Cboe Options Rules 8.20 (Prohibition Against Customers Functioning as Market-Makers), 8.21 (Multiple

Representations Prohibited), 8.22 (Trading by Trading Permit Holders on the Floor) and 8.30.06 (Position Limits Firm Facilitation Exception) do not apply to C2.

[Adopted December 10, 2009; Amended June 17, 2010 (SR-C2-2010-002); Amended May 14, 2018 (SR-C2-2018-005); Amended November 20, 2019 (SR-C2-2019-025)]

CHAPTER 6

Trading on the Exchange

Section A. General

Rule 6.1. Days and Hours of Business

(a) *Acceptance of Orders and Quotes.* The System accepts orders and quotes at the times set forth in Rule 6.9.

(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 option contracts 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 no 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 for index options the Exchange designates to remain open for trading until 4:00 p.m.

(A) The last trading day for A.M.-settled index options is the business day prior to the expiration date of the specific series.

(B) 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)

(C) 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.

(D) The last trading day for the following options is the business day prior to the expiration date of the specific series:

MSCI EAFE Index options

MSCI Emerging Markets Index options

(E) 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.

(c) *Global Trading Hours.* Except under unusual conditions as may be determined by the Exchange, Global Trading Hours are from 8:30 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 Cboe Options Rule 4.10. Currently, options on the Dow Jones Industrial Average (DJX) are approved for trading during Global Trading Hours.

(2) *Series.* The Exchange may list for trading during Global Trading Hours any series in eligible classes that it may list pursuant to Cboe Options 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 6.11).

(3) *Index Values.* No current index value underlying an index option trading during Global Trading Hours is disseminated during or at the close of that trading session.

(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.

[Adopted December 10, 2009; Amended July 30, 2013 (SR-C2-2013-027); Amended May 9, 2015 (SR-C2-2015-008); Amended August 17, 2017 (SR-C2-2017-022); Amended May 14, 2018 (SR-C2-2018-005); Amended May 24, 2019 (SR-C2-2019-009); Amended November 20, 2019 (SR-C2-2019-025)]

Rule 6.2. 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.

[Adopted December 10, 2009; Amended May 14, 2018 (SR-C2-2018-005)]

Rule 6.3. Meaning of Premium Bids and Offers

(a) *General.* Except as provided in paragraph (b), bids and offers must be expressed in terms of dollars per unit of the underlying security or index. 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) *Special cases.* 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.* 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.

[Adopted December 10, 2009; Amended March 18, 2013 (SR-C2-2013-014); Amended May 14, 2018 (SR-C2-2018-005); Amended November 20, 2019 (SR-C2-2019-025)]

Rule 6.4. Minimum Increments for Bids and Offers

(a) Simple Orders. The minimum increments for bids and offers on simple orders for options traded on the Exchange are as follows:

<u>Class</u>	<u>Minimum Increment</u>	<u>Series Quoting Price</u>
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Class Not Participating in Penny Interval Program	\$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	\$0.01	All prices
Mini-SPX Index Options (XSP), as long as SPDR options (SPY) participate in the Penny Interval Program)	\$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. The minimum increment for bids and offers on complex orders is set forth in Rule 6.13.

(c) *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 1.2 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 (c)(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 (c)(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 (c)(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 (c)(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.

[Adopted December 10, 2009; Amended December 3, 2010 (SR-C2-2010-009); Amended December 20, 2011 (SR-C2-2011-040); Amended June 28, 2012 (SR-C2-2012-020); Amended December 31, 2012 (SR-C2-2012-045); Amended June 11, 2013 (SR-C2-2013-021); Amended December 12, 2013 (SR-C2-2013-041); Amended June 22, 2014 (SR-C2-2014-010); Amended December 12, 2014 (SR-C2-2014-026); Amended

June 17, 2015 (SR-C2-2015-015); Amended June 1, 2016 (SR-C2-2016-007); Amended November 23, 2016 (SR-C2-2016-023); Amended June 30, 2017 (SR-C2-2017-020); Amended December 14, 2017 (SR-C2-2017-032); Amended May 14, 2018 (SR-C2-2018-005); Amended June 26, 2018 (SR-C2-2018-015); Amended December 20, 2018 (SR-C2-2018-026); Amended March 22, 2019 (SR-C2-2019-006); Amended June 30, 2019 (SR-C2-2019-014); Amended December 10, 2019 (SR-C2-2019-027); Amended June 11, 2020 (SR-C2-2020-007)]

Section B. Trading

Rule 6.8. 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.

(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 6.30.

(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 6.10(c) and (d), respectively, 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.

[Adopted May 14, 2018 (SR-C2-2018-005); Amended January 18, 2019 (SR-C2-2018-025); Amended April 24, 2020 (SR-C2-2020-005)]

Rule 6.9. Entry and Cancellation of Orders

Users can enter orders into the System from 7:30 a.m. until market close, and cancel previously entered orders, subject to the following requirements and conditions:

(a) Users may transmit to the System multiple orders at a single price level or multiple price levels. However, a User may enter only one bid and one offer for a series per EFID per bulk port.

(b) Each order a User submits to the Exchange must contain the minimum information identified in the Exchange’s order entry specifications.

(c) The System timestamps an order upon receipt, which determines the time ranking of the order for purposes of processing the order.

(d) For each System Security, the System transmits to OPRA for display the aggregate size of all orders in the System eligible for display at the best price to buy and sell.

(e) After the RTH market close, Users may cancel orders with Time-in-Force of GTC or GTD that remain on the book until 4:45 p.m.

[Adopted May 14, 2018 (SR-C2-2018-005); Amended January 18, 2019 (SR-C2-2018-025); Amended May 24, 2019 (SR-C2-2019-009)]

Rule 6.10. Availability of Orders

(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. Rule 6.13 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 (including a bulk message) to buy or sell a stated number of option contracts at a specified price or better. A limit order to buy (sell) is marketable when, at the time it enters the System, the order is equal to or higher (lower) than the then-current offer (bid).

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. Users may not designate a market order as All Sessions. Bulk messages may not be market orders.

(c) *Order Instructions.* An “Order Instruction” is a processing instruction a User may apply to an order or quote (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 and includes:

All Sessions

An “All Sessions” order 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.

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 6.12, subjects to the Price Adjust process pursuant to Rule 6.12, 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 6.8(c).

Cancel Back

A "Cancel Back" order (including bulk messages) is an order a User designates to not be subject to the Price Adjust Process pursuant to Rule 6.12 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 6.82, 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.

Intermarket Sweep Order or ISO

An "Intermarket Sweep Order" or "ISO" is an order that has the meaning provided in Section E of Chapter 6, 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 Trading Permit Holder's responsibility, not the Exchange's responsibility, to comply with the requirements relating to ISOs. Users may not designate bulk messages as ISOs.

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 6.8(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 6.8(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 6.12. Users may designate bulk messages as MCO as set forth in Rule 6.8(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 6.12, 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 MCD.

(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 6.8(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 6.12, 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.

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.

Post Only

A “Post Only” order is an order the System ranks and executes pursuant to Rule 6.12, subjects to the Price Adjust process pursuant to Rule 6.12, 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 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 6.8(c).

Price Adjust

A “Price Adjust” order is an order (including bulk messages) a User designates to be subject to the Price Adjust process pursuant to Rule 6.12 or not designated as Cancel Back.

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.

(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 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.

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.

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. Users may not designate a Stop Limit order as All Sessions. Users may not designate bulk messages as Stop Limit orders.

(d) *Time-in-Force*. A "Time-in-Force" means the period of time the System holds an order, subject to the restrictions set forth in Rule 6.8(c) with respect to bulk messages submitted through bulk ports, for potential execution, and includes:

Day

The term "Day" means, for an order so designated, an order 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 6.8(c).

Fill-or-Kill or FOK

The terms "Fill-or-Kill" or "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. Users may not designate bulk messages as FOK.

Good-til-Cancelled or GTC

The terms "Good-til-Cancelled" or "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 or GTD

The terms “Good-til-Date” or “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.

Immediate-or-Cancel or IOC

The terms “Immediate-or-Cancel” or “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.

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 6.12. 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 an LOC.

Market-on-Close and MOC

The terms “Market-on-Close” and “MOC” mean, for an order so designated, a market order that may not execute on the Exchange until three minutes prior to RTH market close. At that time, the System enters MOC 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 6.12. The System cancels an MOC order (or unexecuted portion) that does not execute by the RTH market close. Users may not designate an MOC order as All Sessions. Users may not designate bulk messages as an MOC.

OPG or At the Open

The terms “OPG” or “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.

[Adopted December 10, 2009; Amended September 30, 2010 (SR-C2-2010-004); Amended February 4, 2011 (SR-C2-2011-006); Amended September 22, 2011 (SR-C2-2011-017); Amended April 8, 2013 (SR-C2-2013-013); Amended January 5, 2017 (SR-C2-2016-021); Amended May 14, 2018 (SR-C2-2018-005); Amended January 18, 2019

(SR-2018-025); Amended May 24, 2019 (SR-C2-2019-009); Amended June 20, 2019 (SR-C2-2019-013); Amended June 22, 2019 (SR-C2-2019-012)]

Rule 6.11. Opening Auction Process

(a) *Definitions.* For purposes of the opening auction process in this Rule 6.11, the following terms have the meaning below. A term defined elsewhere in the Rules has the same meaning with respect to this Rule 6.11, 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 Exchange determines this amount on a class and Composite Bid basis, which amount the Exchange may modify during the opening auction 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).

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 Exchange determines the width of this price range on a class and Composite Bid basis, which range the Exchange may modify during the opening auction 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 7:30 a.m. for all 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 6.10(a), 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 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.

(E) complex orders do not participate in the opening auction process described in this Rule 6.11 and instead may participate in the COB Opening Process pursuant to Rule 6.13(c).

(c) *Opening Auction Updates.* Beginning at a time (determined by the Exchange) no earlier than one hour prior to the expected initiation of the opening rotation for a 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 at regular intervals of time (the length of which the Exchange determines for each trading session), or less frequently if there are no updates to the opening information since the previously disseminated update, 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.

(2) *Global Trading Hours.* At 8:30 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, if there is no Composite Market, 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, until the series opens pursuant to a forced opening as set forth in subparagraph (4) below, 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 pursuant to the allocation algorithm that applies to a class intraday (in accordance with Rule 6.12), unless the Exchange determines to apply a different allocation algorithm from Rule 6.12 to a class during the opening rotation.

(B) *No Opening Trade*. If there is no Opening Trade Price, the System opens a series without a trade.

(4) *Forced Opening*. If a series in an equity or ETP option class is unable to open because it does not satisfy the Maximum Composite Width Check in subparagraph (1) above within a time period (which the Exchange determines for all equity or ETP option classes) after occurrence of the opening rotation trigger for the class pursuant to paragraph (d), and the Composite Market is not crossed, the System forces the series to open after that time period upon the System's observation of an ABBO (with a non-zero offer) for the series.

(A) The opening trade price determination and series opening set forth in subparagraphs (2) and (3) above do not occur; instead, the System opens the series without a trade.

(B) However, if a series satisfies the Maximum Composite Width Check prior to the System's observation of an ABBO for the series, the series opens pursuant to subparagraphs (2) and (3) above.

(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 6.12. The System cancels any unexecuted OPG orders (or remaining portions) following the conclusion of the opening rotation. In the event of a forced opening of a series pursuant to subparagraph (e)(4) or a compelled opening of a series pursuant to paragraph (h), the System enters all of a User's orders in that series in the Queuing Book into the Book in this manner, unless a User instructs the System to cancel its market orders or all of its orders, in which case the System enters only the non-cancelled orders into the Book in this manner.

(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 6.32, 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 6.32.

(h) *Deviation from Standard Opening Auction Process.* The Exchange may deviate from the standard manner of the opening auction process described in this Rule 6.11, including adjusting the timing of the opening rotation in any class, modifying any time periods described in this Rule 6.11, and delaying or compelling the opening of a series if the opening width is wider than the Maximum 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.

[Adopted December 10, 2009; Amended February 4, 2011 (SR-C2-2011-006); Amended September 9, 2011 (SR-C2-2011-018); Amended February 18, 2013 (SR-C2-2013-002); Amended April 8, 2013 (SR-C2-2013-013); Amended August 2, 2013 (SR-C2-2013-028); Amended May 2, 2015 (SR-C2-2015-006); Amended December 14, 2016 (SR-C2-2016-020); Amended January 5, 2017 (SR-C2-2016-021); Amended May 14, 2018 (SR-C2-2018-005); Amended May 14, 2018 (SR-C2-2018-009); Amended May 24, 2019 (SR-C2-2019-009); Amended June 15, 2019 (SR-C2-2019-011); Amended June 24, 2019 (SR-C2-2019-017); Amended December 4, 2019 (SR-C2-2019-026); Amended December 23, 2019 (SR-C2-2019-028); Amended January 11, 2021 (SR-C2-2021-001)]

Rule 6.12. Order and Quote Book Processing, Display, Priority, and Execution

(a) *Priority.* The System prioritizes resting orders and quotes on the Book as follows:

(1) *Resting Orders and Quotes at Best Price.* Resting orders and quotes on the Book with the highest bid and lowest offer have priority.

(2) *Resting Orders and Quotes at Same Price.* If there are two or more resting orders or quotes at the same price, the Exchange determines for each class which of the following allocations applies:

(A) *Time.* The System prioritizes orders and quotes at the same price in the order in which the System received them (*i.e.*, in time priority).

(B) *Pro-Rata.* The System allocates orders and quotes proportionally according to size (*i.e.*, on a pro-rata basis). The System allocates executable quantity to the nearest whole number, with fractions $\frac{1}{2}$ or greater rounded up

(in size-time priority) and fractions less than $\frac{1}{2}$ 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.

(3) Displayed orders have priority over nondisplayed orders.

(b) *Price Adjust.* Unless a User enters instructions for an order (including bulk messages) to not be subject to the Price Adjust process in this paragraph (b), the System ranks and displays a buy (sell) order that, at the time of entry, would lock or cross a Protected Quotation of the Exchange or another exchange at one minimum price increment below (above) the current NBO (NBB) (“Price Adjust”).

(1) If the NBBO changes so that an order subject to Price Adjust would not lock or cross a Protected Quotation, the System gives the order a new timestamp and displays the order at the price that locked the Protected Quotation at the time of entry. All orders the System re-ranked and re-displayed pursuant to Price Adjust retain their priority as compared to other orders subject to Price Adjust based upon the time the System initially received the orders. Following the initial ranking and display of an order subject to Price Adjust, the System will only re-rank and re-display an order to the extent it achieves a more aggressive price.

(2) 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.

(3) A limit order subject to the Price Adjust process will not be displayed at any price worse than its limit price.

(c) *Additional Order Handling.*

(1) *Trade-Through Prevention.* Subject to the exceptions contained in Rule 6.82(b), 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 1.1, as discussed above.

(5) *Market, Stop, and Market-on-Close 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 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.

(C) A market-on-close order will not be elected if the underlying security is in a limit up-limit down state three minutes prior to the RTH market close. If the underlying security exits the limit up-limit down state prior to the RTH market close, the System will attempt to re-evaluate, elect, and execute the order.

(6) *Bulk Messages and Orders Submitted Through Bulk Quoting Ports.*

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/quote by an amount equal to the size of that execution.

(e) *Cancel/Replace.* Depending on how a quote or order is modified, the quote or order may change priority position as follows:

(1) If the price of an order/quote is changed, the order/quote loses position and is placed in a priority position as if the System received the order/quote at the time the order/quote was changed.

(2) If the quantity of an order/quote is decreased, it retains its priority position.

(3) If the quantity of an order/quote is increased, it loses its priority position and is placed in a priority position as if the System received the order/quote at the time the quantity of the order/quote 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 or quote that removes liquidity previously posted in the Book.

(g) *Trading Following Halts*. Options subject to a trading halt initiated pursuant to Rule 6.32 open for trading following the halt at the time specified in Rule 6.11. When trading resumes, the System places orders and quotes that do not execute during the Opening Process in the Book in time priority and processes or executes them as described in this Rule 6.12.

[Adopted December 10, 2009; Amended April 27, 2010 (SR-C2-2010-001); Amended October 22, 2010 (SR-C2-2010-005); August 2, 2012 (SR-C2-2012-026); Amended October 18, 2012 (SR-C2-2012-024); Amended November 21, 2014 (SR-C2-2014-020); Amended June 29, 2016 (SR-C2-2016-010); Amended January 26, 2018 (SR-C2-2017-033); Amended May 14, 2018 (SR-C2-2018-005); Amended January 18, 2019 (SR-C2-2018-025); Amended June 20, 2019 (SR-C2-2019-013); Amended June 22, 2019 (SR-C2-2019-012)]

Rule 6.13. Complex Orders

Trading of complex orders is subject to all other Rules applicable to trading of orders, unless otherwise provided in this Rule 6.13.

(a) Definitions. For purposes of this Rule, the following terms have the meanings below. A term defined elsewhere in the Rules has the same meaning with respect to this Rule 6.13, unless otherwise defined below.

Complex Order

The term “complex order” is defined in Rule 1.1.

Complex Order Auction or COA

The terms “Complex Order Auction” or “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 and used for all 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 or entered for any EFID (which EFID limit would be the same for all Users) at a particular time.

Legging

The term “Legging” is defined in Rule 6.13(g).

Regular Trading

The term “regular trading” means trading of complex orders that occurs during a trading session other than (a) at the opening of the COB or re-opening of the COB for trading following a halt (described in paragraph (c) below) or (b) during the COA process (described in paragraph (d) below).

Synthetic Best Bid or Offer or SBBO

The terms “Synthetic Best Bid or Offer” or “SBBO” mean the best bid and offer on the Exchange for a complex strategy calculated using 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.

Synthetic National Best Bid or Offer or SNBBO

The terms “Synthetic National Best Bid or Offer” or “SNBBO” mean the national best bid and offer for a complex strategy calculated using the NBBO for each component of a complex strategy to establish the best net bid and offer for a complex strategy.

(b) *Types of Complex Orders.* The Exchange determines which Times-in-Force of Day, GTC, GTD, IOC, or OPG are available for complex orders (including for eligibility to enter the COB and initiate a COA). 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 entry onto the COB. Complex orders are Book Only and may be market or limit orders. Users may designate complex orders as Attributable or Non-Attributable. Users may not submit complex orders through bulk ports. The System also accepts the following instructions for complex orders:

(1) *Complex Only Orders.* A Market-Maker may designate a Day or IOC order as “Complex Only,” which may execute only against complex orders in the COB and may not Leg into the Simple Book. Unless designated as Complex Only, and for all other Times-in-Force and Capacities, a complex order may execute against complex orders in the COB and may Leg into the Simple Book.

(2) *COA-Eligible and Do-Not-COA Orders.* 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. Upon receipt of a Post Only complex order with any Time-in-Force, the

System does not initiate a COA, and if a User marks the Post Only complex order to initiate a COA, the System cancels the order. Upon receipt of a complex order with any other Time-in-Force (except OPG), the System initiates a COA unless a User marked the order to not initiate a COA. Buy (sell) complex orders with User instructions to (or which default to) initiate a COA that are priced higher (lower) than the SBB (SBO) and higher (lower) than the price of complex orders resting at the top of the COB are “COA-eligible orders,” while buy (sell) complex orders with User instructions not to (or which default to not) initiate a COA, that are marked Post Only, or that are priced equal to or lower (higher) than the SBB (SBO) or equal to or lower (higher) than the price of complex orders resting at the top of the COB are “do-not-COA orders.”

(3) *Complex Orders with 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 1.1. 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.

(4) *Book Only Complex Order.* A “Book Only complex order” is a complex order the System ranks and executes pursuant to this Rule 6.13 or cancels or rejects, as applicable (in accordance with the User’s instructions).

(5) *Post Only Complex Order.* A “Post Only complex order” is a complex order the System ranks and executes pursuant to this Rule 6.13 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 6.14(b)(6).

(6) *Complex Reserve Orders.* A “Complex Reserve Order” is a complex 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 Complex Reserve Order are available for potential execution pursuant to paragraphs (c) through (e) below. When entering a Complex Reserve Order, a User must instruct the Exchange as to the quantity of the Complex Reserve Order to be initially displayed by the System (“Max Floor”). If the Display Quantity of a Complex 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 a Complex Reserve Order is less than the replenishment amount, the System will display the entire remainder of the Complex Reserve Order. The System creates a new timestamp for both the Display Quantity and Reserve Quantity of the Complex Reserve Order each time it is replenished from reserve.

- (A) **Random Replenishment.** An instruction that a User may attach to a Complex Reserve Order where the System randomly replenishes the Display Quantity for the Complex Reserve 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 Complex Reserve Order with a Random Replenishment instruction.
- (B) **Fixed Replenishment.** For any Complex Reserve Order for which a User does not select Random Replenishment, the System will replenish the Display Quantity of the Complex Reserve Order with the number of contracts equal to the Max Floor (or the entire remainder of the Complex Reserve Order if it is less than the replenishment amount).

(7) *All Sessions Complex Order.* 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.

(8) *RTH Only Complex Order.* 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.

(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 Rule 6.11, except the Order Entry Period for complex orders ends when the complex strategy opens. Complex orders entered during the Order Entry Period are not eligible for execution until the COB Opening Process occurs. Beginning at 7:30 a.m. 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 Opening Process pursuant to this subparagraph (2) and not during the Opening Process described in Rule 6.11.

(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 prices 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 prices 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 equals the SBBO, the System adjusts the COB opening price to a price that is better than the corresponding bid or offer in the Simple Book by \$0.01.

(B) *Transition to Regular Trading.* After the System determines a COB opening price, the Exchange executes matching complex orders in accordance with the priority in Rule 6.12(a) applicable to the class at the COB opening price. The System enters any remaining complex orders (or unexecuted portions) into the COB, subject to a 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), 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, 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), Capacity, quantity, and side of the market of the COA-eligible order. If the COA-eligible order is a Complex Reserve Order, the COA auction message only identifies

the Display Quantity; however, the entire quantity (both the Display Quantity and Reserve Quantity) may execute following the COA pursuant to subparagraph (5) below. The Exchange may also determine to include the price in COA auction messages, which will be the limit order price or the SBO (SBB) (if initiated by a buy (sell) market complex order), or the drill-through price if the order is subject to the drill-through protection in Rule 6.14(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, which may not exceed 500 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; or

(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.

(4) *COA Responses.* The System accepts a COA Response(s) with any Capacity in \$0.01 increments 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) COA Responses may be larger than the COA-eligible order. 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 (including Display Quantity and Reserve Quantity if the COA-eligible order is a Complex Reserve 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 will result in loss of priority. The Exchange does not display COA Responses. At the end of the Response Time Interval, COA Responses are firm (*i.e.*, guaranteed at their price and size).

(D) A COA Response may only execute against the COA-eligible order for the COA to which a User submitted the COA Response. 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) Orders and quotes in the Simple Book (both displayed and nondisplayed orders) for the individual leg components of the complex order through Legging (subject to paragraph (g)), which the System allocates in accordance with the priority in Rule 6.12(a) applicable to the class.

(ii) COA Responses and unrelated orders posted to the COB, which the System allocates in accordance with the priority in Rule 6.12(a) applicable to the class.

(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 for entry),

and applies a timestamp based on the time it enters the COB. The System cancels or rejects 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 or in accordance with 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) Orders and quotes in the Simple Book (both displayed and nondisplayed orders) for the individual leg components of the complex order through Legging (subject to paragraph (g)), which the System allocates in accordance with the priority in Rule 6.12(a) applicable to the class.

(2) Complex orders resting on the COB, which the System allocates in accordance with the priority in Rule 6.12(a) applicable to the class.

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 for entry), and applies a timestamp based on the time it enters the COB. The System cancels or rejects any complex order (or unexecuted portion) that would execute at a price outside of the SBBO, that is not eligible for entry into the COB, or in accordance with 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 and Execution Prices.*

(1) The minimum increment for bids and offers on a complex order is \$0.01, and the components of a complex order may be executed in \$0.01 increments, regardless of the minimum increments otherwise applicable to the individual components of the complex order.

(2) The System does not execute a complex order pursuant to this Rule 6.13 at a net price (1) that would cause any component of the complex strategy to be executed at a price of zero; (2) worse than the SBBO; (3) that would cause any component of the complex strategy to be executed at a price worse than the individual component price on the Simple Book; (4) worse than the price that would be available if the complex order Legged into the Simple Book; or (5) ahead of orders on the Simple Book without improving the BBO on at least one component of the complex strategy by at least \$0.01. 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 6.14(b).

(g) *Legging*. A complex order may execute against orders and quotes in the Simple Book pursuant to subparagraphs (d)(5)(A)(i) and (e)(1) 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:

(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 may not Leg into the Simple Book.

(5) The entire quantity of a Complex Reserve Order (both the Display Quantity and Reserve Quantity) Legs into the Simple Book at the same time, and any quantity that does not execute pursuant to paragraph (d) or (e) after Legging will rest in the COB in accordance with the Complex Reserve Order instruction

(h) *Additional Complex Order Handling*. Processing and execution of complex orders pursuant to this Rule 6.13 (including pursuant to paragraphs (d) and (e), and following evaluation pursuant to paragraph (i)) are subject to the following:

(1) *Order Locks/Crosses Opposite Side of SBBO*. A complex market order or a 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 improves the then-current opposite side SBBO by \$0.01. 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 6.14(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) *Zero NBB, NBO, or NBBO.* If there is a zero NBO for any leg, the System replaces the zero with a price \$0.01 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 of \$0.01, 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 of \$0.01 and replaces the zero NBO with a price of \$0.02, and complex orders do not Leg into the Simple Book.

(3) The System cancels or rejects a 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.

(4) *Nondisplayed Orders.* Displayed complex orders resting on the COB have priority over nondisplayed portions of Complex Reserve Orders resting on the COB.

(i) *Evaluation.* The System evaluates an incoming complex order upon receipt after the open of trading 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. 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 session 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.* The System cancels or rejects a complex market order it receives when the underlying security is subject to a limit up-limit down state. If during a COA of a COA-eligible market order, the underlying security enters a limit up-limit down

state, the System terminates the COA without trading and cancels or rejects all COA Responses.

(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. The System queues a User's open complex orders during a halt, unless the User entered instructions to cancel its open complex orders upon a halt, for participation in the re-opening of the COB as set forth in subparagraph (3) below. The COB remains available for Users to enter and manage complex orders that are not cancelled. The System enters incoming complex orders that could otherwise execute or initiate a COA in the absence of a halt in the COB. The System cancels or rejects incoming complex orders with a Time-in-Force of IOC.

(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 for entry) or cancels complex orders that are not eligible to enter the COB.

(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 subparagraph (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 Process.

... 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 apply 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 8.6 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 8.6(f).

.03 Dissemination of COA Information. A Trading Permit Holder's dissemination of information related to COA-eligible orders to third parties or 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 4.1.

[Adopted December 10, 2009; Amended September 9, 2011 (SR-C2-2011-018); Amended September 20, 2011 (SR-C2-2011-022); Amended December 12, 2011 (SR-C2-2011-039); Amended January 20, 2012 (SR-C2-2012-003); Amended April 6, 2012 (SR-C2-2012-004); Amended October 24, 2012 (SR-C2-2012-030); Amended February 27, 2013 (SR-C2-2013-003); Amended April 8, 2013 (SR-C2-2013-013); Amended November 14, 2014 (SR-C2-2014-024); Amended July 17, 2015 (SR-C2-2015-021); Amended December 11, 2015 (SR-C2-2015-025); Amended January 21, 2016 (SR-C2-2015-033); Amended July 27, 2016 (SR-C2-2016-014); Amended December 9, 2016 (SR-C2-2016-024); Amended March 6, 2017 (SR-C2-2017-010); Amended April 5, 2017 (SR-C2-2017-013); Amended April 25, 2017 (SR-C2-2017-016); Amended May 14, 2018 (SR-C2-2018-005); Amended January 14, 2019 (SR-C2-2018-021); Amended January 18, 2019 (SR-C2-2018-025); Amended February 25, 2019 (SR-C2-2018-022); Amended May 24, 2019 (SR-C2-2019-009); Amended June 17, 2019 (SR-C2-2019-016); Amended December 3, 2020 (SR-C2-2020-017)]

Rule 6.14. 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 6.11 through 6.13, 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.

(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 or 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 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.

(D) 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.

(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.

(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).

(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 or the same exercise price but different expiration dates. A “loner” is any leg in an order that the System cannot pair with another leg in the order.

(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 with the same exercise prices across expiration dates, pairing one leg with the leg that has the next nearest expiration date.

(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 pair has the same exercise price).

(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 pair has the same exercise price).

(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 \$0.01.

(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 6.13(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 6.13(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 or 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 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; however, a User may establish a higher or lower amount than the Exchange default.

(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 TPH enables this functionality:

(A) Each TPH may establish limits for the following parameters in the Exchange's counting program. The System counts each of the following within an underlying for an EFID ("underlying limit"), across all underlyings for an EFID ("EFID limit"), and/or across all underlyings for a group of EFIDs ("EFID Group") ("EFID Group limit"), over a TPH-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 TPH’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 underlying; 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 TPH’s underlying limit within the interval or the absolute limit for the underlying, the Risk Monitor Mechanism cancels or rejects such TPH’s orders or quotes in all series of the underlying and cancels or rejects any additional orders or quotes from the TPH in the underlying until the counting program resets (as described below).

(ii) a TPH’s EFID limit within the interval or the absolute limit for the EFID, the Risk Monitor Mechanism cancels or rejects such TPH’s orders or quotes in all underlyings and cancels or rejects any additional orders or quotes from the EFID in all underlyings until the counting program resets (as described below).

(iii) a TPH’s EFID Group limit within the interval or the absolute limit for the EFID Group, the Risk Monitor Mechanism cancels or rejects such TPH’s orders or quotes in all underlyings and cancels or rejects any additional orders or quotes from any EFID within the EFID Group in all underlyings 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 TPH’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 TPH’s order or quote, even if such execution results in executions in excess of the TPH’s parameters.

(D) *Counting Program Reset.*

(i) *Underlying Limit.* The System will not accept new orders or quotes from a TPH after an underlying limit is reached until the TPH submits an electronic instruction System to reset the counting program for the underlying.

(ii) *EFID Limit.* The System will not accept new orders or quotes from the EFID after its EFID limit is reached until the TPH manually notifies the Trade Desk to reset the counting program for the EFID, unless the TPH 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 TPH manually notifies the Trade Desk to reset the counting program for the EFID Group, unless the TPH 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 TPH underlying, EFID and EFID Group resets per second.

(v) *Failure to reset.* If the Exchange cancels all of a TPH's quotes and orders resting in the Book, and the TPH does not reactivate its ability to send quotes or orders, the block will be in effect only for the trading day that the TPH reached its underlying, EFID and/or EFID Group limit.

(vi) *Other Resets.* The System will reset the counting period for absolute limits when a TPH 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 an underlying or (ii) a TPH 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 TPH may also engage the Risk Monitor Mechanism to cancel resting bids and offers, as well as subsequent orders as set forth in Rule 6.14(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.

... 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.

[Adopted May 14, 2018 (SR-C2-2018-005); Amended November 29, 2018 (SR-C2-2018-023); Amended November 29, 2018 (SR-C2-2018-024); Amended January 18, 2019 (SR-C2-2018-025); Amended February 25, 2019 (SR-C2-2019-005); Amended May 24, 2019 (SR-C2-2019-009); Amended June 6, 2019 (SR-C2-2019-015); Amended November 12, 2019 (SR-C2-2019-024); Amended April 13, 2020 (SR-C2-2020-004); Amended November 8, 2020 (SR-C2-2020-016)]

Rule 6.15. 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 6.12.

(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 6.12. 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 6.12(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 Trading Permit Holder'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 6.12 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 3.17. The Outbound Router routes orders in options listed and open for trading on C2 to other options exchanges pursuant to the Rules solely on behalf of C2. 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) *Back-Up Order Routing Services*. In the event the Exchange is not able to provide Routing Services through Cboe Trading pursuant paragraph (d) above, the Exchange routes orders to other options exchanges in conjunction with one or more routing brokers that are not affiliated with the Exchange ("Routing Services"). In connection with Routing Services, the following apply:

- (1) For each routing broker the Exchange uses, an agreement will be in place between the Exchange and the routing broker that, among other things, restricts the use of any confidential and proprietary information the routing broker receives to legitimate business purposes necessary for routing orders at the direction of the Exchange.
 - (2) 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 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 designated examining authority.
 - (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 members 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 options exchanges.
 - (6) The routing broker will receive routing instructions from the Exchange, to route orders to other options 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 options exchange via a routing broker that results in an execution is binding on the Trading Permit Holder that entered the bid/offer.
- (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.

[Adopted May 14, 2018 (SR-C2-2018-005); Amended January 18, 2019 (SR-C2-2018-025)]

Section C. Operational and Liability Matters

Rule 6.26. Binding Transactions

(a) All executions of bids and offers submitted to and accepted by the System in accordance with the Rules constitute binding contracts, subject to the Bylaws, the Rules, and the Rules of the Clearing Corporation.

(b) The price at which an order or quote is executed is binding even if the System sent an erroneous report, or no report, regarding the execution. A report is not binding if an order or quote did not execute but the System erroneously reported it as executed.

[*formerly Rule 6.16* – Adopted December 10, 2009; Amended June 29, 2016 (SR-C2-2016-010)]

Rule 6.27. Reporting of Matched Trades to Clearing Corporation

(a) *Reporting of Matched Trades.* 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.

(b) *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.

[formerly Rule 6.31 – Adopted December 10, 2009; Amended May 14, 2018 (SR-C2-2018-005); amended November 20, 2019 (SR-C2-2019-025)]

Rule 6.28. 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.

[Adopted May 14, 2018 (SR-C2-2018-005)]

Rule 6.29. Nullification and Adjustment of Options Transactions Including Obvious Errors

The Exchange may nullify a transaction or adjust the execution price of a transaction in accordance with this Rule. 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. A 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 execution. It is considered conduct inconsistent with just and equitable principles of trade for any participant to use the mutual adjustment process to circumvent any applicable Rule or the Exchange Act.

(a) *Definitions.*

(1) *Customer.* For purposes of this Rule, a Customer will not include any broker-dealer, Professional Customer, or Voluntary Professional Customer.

(2) *Erroneous Sell/Buy Transactions.* 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 another 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 subparagraphs (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*. For a transaction occurring as part of the Opening Process (as defined in Rule 6.11), 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.

(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 twenty-five (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 Trade Desk in the manner specified

from time to time by the Exchange in a circular distributed to Trading Permit Holders. This notification must be received by the 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 thirty (30) minutes of the execution, subject to subparagraph (C) below.

(B) *“Non-Customer” Orders*. For an execution of any order other than a Customer order, a filing must be received by the Exchange within fifteen (15) minutes of the execution, subject to subparagraph (C) below.

(C) *Linkage Trades*. Any other options exchange will have a total of forty-five (45) minutes for Customer orders and thirty (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 fifteen (15) minutes provided with respect to linkage trades will 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 do not apply. The Official will 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 will 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 will take one of the actions listed below. Upon taking final action, the Exchange will 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 (C) below.

(C) If any Trading Permit Holder submits requests to the Exchange for review of transactions pursuant to this Rule, and in aggregate that Trading Permit Holder has 200 or more Customer transactions under review concurrently and the orders resulting in such transactions were submitted during the course of 2 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	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 Trade Desk in the manner specified

from time to time by the Exchange. Such notification must be received by the Trade Desk by 8:30 a.m. on the first trading day following the execution. For transactions in an expiring options series that take place on an expiration day, a party must notify the 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 will take action as set forth below. Upon taking final action, the Exchange will 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 subparagraph 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 of each trades; times
- (iv) the appropriate Size Adjustment Modifier for each trade, if any, as defined in subparagraph (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; and

(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 will 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 will 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 will 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
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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 will nullify any transaction that occurs during a trading halt in the affected option on the Exchange pursuant to Rule 6.32.

(g) *Erroneous Print in Underlying.* A trade resulting from an erroneous print(s) disseminated by the underlying market that is later nullified by that underlying market will be adjusted or busted as set forth in subparagraph (c)(4) above, provided a party notifies the Trade Desk in a timely manner as set forth below. For purposes of this paragraph, a trade resulting from an erroneous print(s) means 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 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.

(h) *Erroneous Quote in Underlying.* A trade resulting from an erroneous quote(s) in the underlying security will be adjusted or busted as set forth in subparagraph (c)(4) of this Rule, provided a party notifies the 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 will 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 Trade Desk in accordance with subparagraph (c)(2) above.

(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 will be nullified by the Exchange, provided a party notifies the 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 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 representatives from four (4) Trading Permit Holders. Two (2) of the representatives must be directly engaged in market-making activity and two (2) of the representatives must be employed by non-Market-Maker Trading Permit Holders.

(2) *Scope of Review.* If a party affected by a determination made under paragraph (c) above so requests within the time permitted in subparagraph (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 subparagraph (c)(2) above 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 a C2 Official made pursuant to subparagraph (c)(3) above.

(3) *Procedure for Requesting Review.* A request for review must be made in writing within thirty (30) minutes after a party receives notification of a determination under paragraph (c) above, 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

will 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) below.

(l) *Catastrophic Error Panel.*

(1) *Composition.* A Catastrophic Error Panel will be comprised of representatives from four (4) Trading Permit Holders. Two (2) of the representatives must be directly engaged in market-making activity and two (2) of the representatives must be employed by non-Market-Maker Trading Permit Holders.

(2) *Scope of Review.* If a party affected by a determination made under paragraph (d) above so requests within the time permitted in subparagraph (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 thirty (30) minutes after a party receives notification of a determination under paragraph (d) above, 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 will 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) below.

(m) *Review.* Subject to the limitations contained in subparagraph (c)(3) above, a Trading Permit Holder affected by a determination made under this Rule may appeal such determination, in accordance with Chapter 19 of the Exchange's rules. For purposes of this Rule, a Trading Permit Holder must be aggrieved as described in Rule 19.1. Notwithstanding any provision in Rule 19.2 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 will 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 .06 of this Rule.

.02 For the purposes of Rule 6.29, to the extent the provisions of Rule 6.29 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 To qualify as a representative of a non-Market-Maker Trading Permit Holder on an Obvious Error Panel or Catastrophic Error Panel, a person must (a) be employed by a Trading Permit Holder whose revenues from options market making activity do not exceed ten percent (10%) of its total revenues; or (b) have as his or her primary responsibility the handling of Public Customer orders or supervisory responsibility over persons with such responsibility, and not have any responsibilities with respect to market making activities.

.04 The Exchange will designate at least ten (10) Market-Maker representatives and at least ten (10) non-Market-Maker representatives to be called upon to serve on Obvious Error Panels and Catastrophic Error Panels as needed. In no case will an Obvious Error Panel or Catastrophic Error Panel include a person related to a party to the trade in question. To the extent reasonably possible, the Exchange will call upon the designated representatives to participate on an Obvious Error Panel on an equally frequent basis.

.05 Any determination made by an Official, an Obvious Error Panel, or a Catastrophic Error Panel under this Rule will be rendered without prejudice as to the rights of the parties to the transaction to submit a dispute to arbitration.

.06 Verifiable Disruptions or Malfunctions of Exchange Systems. Electronic transactions arising out of a “verifiable disruption or malfunction” in the use of 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 the Theoretical Price, as defined in paragraph (b) of Rule 6.29.

.07 Complex 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) of Rule 6.29 or a Catastrophic Error under subparagraph (d)(1) of Rule 6.29, then the leg(s) that is an Obvious or Catastrophic Error will be adjusted in accordance with subparagraph (c)(4)(A) or (d)(3) of Rule 6.29, 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) of Rule 6.29 or a Catastrophic Error under subparagraph (d)(1) of Rule 6.29, 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) of Rule 6.29, 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) of Rule 6.29 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) of Rule 6.29. If any leg of a complex order is nullified, the entire transaction is nullified. For purposes of Rule 6.29, the National Spread Market for a complex order strategy is determined by the National Best Bid/Offer of the individual legs of the strategy.

.08 Exchange Determining Theoretical Price. For purposes of this Rule, when the Exchange must determine the Theoretical Price pursuant to subparagraphs (b)(1) through (3) of Rule 6.29 (*i.e.*, at the open, when there are no valid quotes or when there is a wide quote), then the Exchange will determine the Theoretical Price as follows.

(a) The Exchange will request the 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 will 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 will 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 will 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.

[*formerly Rule 6.15* – Adopted December 10, 2009; Amended April 8, 2013 (SR-C2-2013-013); Amended July 3, 2013 (SR-C2-2013-024); Amended October 28, 2013 (SR-C2-2013-038); Amended April 1, 2014 (SR-C2-2014-008); Amended February 19, 2015 (SR-C2-2015-003); Amended May 7, 2015 (SR-C2-2015-012); Amended August 14, 2015 (SR-C2-2015-018); Amended October 22, 2015 (SR-C2-2015-029); Amended March 15, 2017 (SR-C2-2017-011); Amended September 30, 2017 (SR-C2-2017-024); Amended May 14, 2018 (SR-C2-2018-005); Amended April 9, 2019 (SR-C2-2019-008); Amended October 16, 2019 (SR-C2-2019-021)]

Rule 6.30. Give Up of a Clearing Trading Permit Holder

(a) *General.* For each transaction in which a Trading Permit Holder participates, a Trading Permit Holder must may indicate, at the time of the trade or through post-trade allocation, any Options Clearing Corporation (“OCC”) number of the Clearing Trading Permit Holder through which the transaction will be cleared (“give up”). The Clearing Trading Permit Holder that is given up must be a Designated Give Up or 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 refers to a Clearing Trading Permit Holder that the Trading Permit Holder identified to the Exchange as a Clearing Trading Permit Holder that the Trading Permit Holder would like the ability to give up and that the Exchange processed as a Designated Give Up.

(2) *Definition of Guarantor.* For purposes of this Rule, a “Guarantor” of an executing Trading Permit Holder refers 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 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 (A) a Clearing Trading Permit Holder that the Exchange has previously identified and processed 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 (B) 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 must 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 Trading Permit Holder.

(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) *Trading Permit Holder Give Up Process for Restricted OCC Numbers.* A Trading Permit Holder desiring to give up a Restricted OCC Number must become an Authorized Trading Permit Holder. The Clearing Trading Permit Holder will be required to authorize a Trading Permit Holder as described in subparagraph (1) or (3), unless the Restricted OCC Number is already subject to a Letter of Guarantee that the Trading Permit Holder is a party to.

(3) *Amendments to Authorized Trading Permit Holders or Restricted OCC Numbers.* A Clearing Trading Permit Holder may amend its Authorized Trading Permit Holders 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 paragraph (1) above, the Exchange may permit the Clearing Trading Permit Holder to authorize, or remove authorization for, a Trading Permit Holder 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 Trading Permit Holders 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 Trading Permit Holder may give up that OCC clearing number once the removal has become effective on or before the next business day, provided that the Trading Permit Holder has identified the Clearing Trading Permit Holder as a Designated Give Up.

(d) *System.* The Exchange's trading systems shall only accept orders that identify an effective Designated Give Up or a Guarantor. For any Restricted OCC Number, the Exchange's trading systems will only accept 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 as 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 Trading Permit Holder 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 Trading Permit Holder for any Restricted OCC Number, or to its Guarantor. The ability of an executing Trading Permit Holder to make any give up change ends 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 (A) another Clearing Trading Permit Holder affiliated with the Designated Give Up or (B) a Clearing Trading Permit Holder that is a back office agent for the Designated Give Up. The ability to make such a change ends 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 ends at 1:00 p.m. Eastern Time on T+1 ("T+1 Cutoff Time"). The Designated Give Up (or Guarantor) must notify the Exchange and all the parties to the trade, in writing, of any such change.

(g) *Responsibility.* For purposes of the Rules, a Clearing Trading Permit Holder is financially responsible for all trades for which it is the give up at the Applicable Cutoff Time. Nothing in this Rule precludes a different party from being responsible for the trade outside of the Rules 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[s] to the T+1 Cutoff Time for non-expiring option series and to the Trade Date Cutoff Time for expiring option series.

(h) An intentional misuse of this Rule is impermissible, and may be treated as a violation of Rule 8.1.

... Interpretations and Policies:

.01 Nothing in Rule 6.30 precludes the clearance of Exchange transactions by a non-Trading Permit Holder pursuant to the Rules of the Clearing Corporation so long as a Clearing Trading Permit Holder is also designated as having responsibility under these Rules for the clearance and comparison of such transactions.

[Adopted December 10, 2009; Amended January 9, 2017 (SR-C2-2017-004); Amended May 14, 2018 (SR-C2-2018-005); Amended January 2, 2020 (SR-C2-2020-001)]

Rule 6.31. 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 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); or (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).

(c) Changes related to the Designated Give Up through the use of Clearing Editor are governed by Rule 6.30.

... Interpretations and Policies:

.01 Any actions the Exchange takes pursuant to this Rule 6.31 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.

[Adopted May 14, 2018 (SR-C2-2018-005); Amended February 15, 2020 (SR-C2-2020-002)]

Rule 6.32. Trading Halts

(a) The Exchange may halt trading in any class in the interests of a fair and orderly market. The Trade Desk, 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 for a period exceeding two consecutive business days. Any trading halt that lasts more than two consecutive business days is reviewed by the President or his/her designee, who 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. When considering whether to halt trading in a class, the Exchange considers the following factors, among others:

- (1) in the case of an option on a security:

(A) trading in the underlying security has been halted or suspended in one or more of the markets trading the underlying security; generally, trading will be halted when a Regulatory Halt in the underlying security has occurred in the primary market for that security; or

(B) the opening of the underlying security has been delayed because of unusual circumstances;

(2) in the case of an option on an index:

(A) the extent to which trading in the stocks or options underlying the index is not occurring;

(B) the current calculation of the index derived from the current market prices of the stock;

(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; or

(D) the activation of price limits on futures exchanges or the halt of trading in related futures;

(3) occurrence of an act of God or other event outside the Exchange’s control;

(4) occurrence of a System technical failure or failures including, but not limited to, the failure of a part of the central processing system, a number of Trading Permit Holder trading applications, or the electrical power supply to the System itself or any related system; or

(5) other unusual conditions or circumstances are present.

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, subparagraphs (1) and (2) above do not apply.

(b) If the Exchange determines to halt trading, all trading in the effected class(es) is halted. For all halts, the System queues a User’s open orders pursuant to Rule 6.11(b) unless a User entered instructions to cancel its orders. C2 disseminates through its trading facilities and over OPRA a symbol with respect to the class(es) indicating that trading in the class(es) has been halted. The Exchange makes available to vendors a record of the time and duration of the halt.

(c) No Trading Permit Holder or person associated with a Trading Permit Holder may effect a trade on the Exchange in any class during the time in which a halt is in effect for the class. The Exchange will nullify any transaction in a class that occurs during a trading halt of that

class or, 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) The Exchange may determine to resume trading in a class that has been the subject of a halt pursuant to this Rule if the interests of a fair and orderly market are best served by a resumption of trading. When considering whether to resume trading in a class, the Exchange will consider, among other factors, whether the conditions which led to the halt are no longer present.

(e) 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 is determined, for the purposes of calculating the current index value at expiration, in accordance with the Rules and By-Laws of OCC.

. . . Interpretations and Policies:

.01 The Exchange will halt trading in all stock options whenever a market-wide trading halt commonly known as a circuit breaker is initiated in response to extraordinary market conditions. This Rule will 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 Rule 6.32 will be in effect. This Interpretation and Policy .01 does not apply during Global Trading Hours.

(a) The Exchange will halt trading in all stock options and not reopen for the time periods specified in this Rule if there is a Level 1, 2, or 3 Market Decline. 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 will halt trading in all stock options for 15 minutes after a Level 1 or

Level 2 Market Decline. The Exchange will 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 will halt trading in all stock options until the next trading day.

(c) Reopening of Trading.

(1) Following a trading halt, a class will reopen for trading in accordance with Rule 6.11.

(2) 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 (1) above. The Exchange may resume trading in such other stock options anytime after the 15-minute halt period.

(d) Nothing in this Rule will be construed to limit the ability of the Exchange to halt or suspend trading in any class traded on the Exchange pursuant to any other Exchange Rule or policy.

.02 If a primary listing market issues an individual stock trading pause in an underlying eligible NMS stock, as defined in this Rule, the Exchange will halt trading in options on that stock until trading has resumed on the primary listing market for the stock, which generally will occur after a period of five minutes. If, however, trading has not resumed on the primary listing market for the stock after ten minutes have passed since the individual stock trading pause message has been received from the responsible single plan processor, the Exchange may resume trading in the options if at least one market has resumed trading in the stock.

(a) Upon receipt of a trading pause message from the single plan processor responsible for consolidation of information for the stock, the Exchange will automatically implement a trading halt in the overlying options traded on the Exchange.

(b) During the halt, the Exchange will maintain existing orders in the Book, accept orders, and process cancels.

(c) Following a trading halt, a class will reopen for trading in accordance with Rule 6.1.

(d) Nothing in this Rule will be construed to limit the ability of the Exchange to halt or suspend trading in any class traded on the Exchange pursuant to any other Exchange Rule or policy.

(e) The provisions of this Rule will be in effect for options on eligible NMS stocks. The term “eligible NMS stocks” means NMS stocks, other than rights and warrants.

[Adopted December 10, 2009; Amended September 30, 2010 (SR-C2-2010-004); Amended August 31, 2011 (SR-C2-2011-019); Amended November 23, 2011 (SR-C2-2011-036); Amended May 31, 2012 (SR-C2-2011-024); Amended July 30, 2013 (SR-C2-2013-027); Amended May 7, 2015 (SR-C2-2015-012); Amended May 14, 2018 (SR-C2-2018-005); Amended April 9, 2019 (SR-C2-2019-008); Amended May 24, 2019 (SR-C2-2019-009); Amended June 17, 2019 (SR-C2-2019-016); Amended October 16, 2019 (SR-C2-2019-022); Amended October 8, 2020 (SR-C2-2020-015)]

Rule 6.33. Authority to Take Action Under Emergency Conditions

The Chief Executive Officer, the President (or his or her senior-level designee) has the power to halt or suspend 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, suspension, or closing, to take one or more of the actions permitted to be taken by any person or body of the Exchange under the 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 (a) 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, (b) a request by a governmental agency or official, or (c) a period of mourning or recognition for a person or event.

[Adopted December 10, 2009; Amended July 12, 2016 (SR-C2-2016-005); Amended May 14, 2018 (SR-C2-2018-005)]

Rule 6.34. Disaster Recovery

(a) 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) Trading Permit Holders that contribute a meaningful percentage of the Exchange's overall volume must connect to the Exchange's backup systems and participate in functional and performance testing as announced by the Exchange, which occurs at least once every 12 months. The Exchange has established the following standards to identify Trading Permit Holders that account for a meaningful percentage of the Exchange's overall volume and, taken as a whole, that constitute the minimum necessary for the maintenance of fair and orderly markets in the event of the activation of business continuity and disaster recovery plans:

(1) The Exchange determines the percentage of volume it considers to be meaningful for purposes of this Rule.

(2) The Exchange measures volume executed on the Exchange during a single designated quarter for a given year. The Exchange also individually notifies all Trading Permit Holders annually, and at least three months prior to the scheduled functional and performance testing, that are subject to this paragraph (b) based on the designated quarter's volume.

(c) All Trading Permit Holders may connect to the Exchange's backup systems and participate in testing of such systems.

[formerly Rule 6.45 – Adopted July 5, 2012 (SR-C2-2012-011); Amended October 28, 2015 (SR-C2-2015-030); Amended October 20, 2017 (SR-C2-2017-025) Amended March 26, 2020 (SR-C2-2020-003)]

Rule 6.35. Message Traffic Mitigation

To mitigate message traffic, based on C2's traffic with respect to target traffic levels and in accordance with C2'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*. C2 prioritizes price update messages over size update messages in all series and in conjunction with the replace on queue functionality described in paragraph (a).

[Adopted May 14, 2018 (SR-C2-2018-005)]

Rule 6.39. Equity Market Plan to Address Extraordinary Market Volatility

The Exchange will modify option order processing during a limit up-limit down state. For purposes of this rule, a "limit up-limit down state" means 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, and stop orders. Refer to Rule 6.12 for a description of how these orders will be handled during a limit up-limit down state.

(b) *Order Handling*. The following order handling features will operate differently during a limit up-limit down state:

(1) *Openings*. Refer to Rule 6.11 for a description of how the Opening Process will operate during a limit up-limit down state.

(2) *Complex Order Request for Responses Auction*. Refer to Rule 6.13 for a description of how a COA will operate during a limit up-limit down state.

(3) *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 6.36 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 Rule 8.6, 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.

[Adopted April 8, 2013 (SR-C2-2013-013); Amended May 14, 2018 (SR-C2-2018-005); Amended April 9, 2019 (SR-C2-2019-008); Amended June 20, 2019 (SR-C2-2019-013); Amended October 16, 2019 (SR-C2-2019-021)]

Rule 6.42. 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”) will be liable to 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 will 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 are 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 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;

(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 will obligate the Exchange to seek recovery under any applicable insurance policy.

(c) Notice of all requests for compensation pursuant to this Rule must be in writing and must be submitted no later than 1:00 p.m. on the next business day following the Loss Event giving rise to such requests. All requests must be in writing and must be submitted along with supporting documentation by 6:00 p.m. 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 will 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 will 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 are final and not subject to appeal under Chapter 19 of the Rules or otherwise. Nothing in this Rule, nor any payment pursuant to this Rule, will 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 is effective as of July 1, 2015 (the "Effective Date"). No claim for liability under any previous version of this Rule will 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.

[Adopted December 10, 2009; Amended June 4, 2015 (SR-C2-2015-010); Amended May 14, 2018 (SR-C2-2018-005)]

Rule 6.43. Limitation on the 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 (as defined in Rule 5.3.06).

(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, intraday, 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 will 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 will 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.

[Adopted December 10, 2009; Amended May 14, 2018 (SR-C2-2018-005)]

Rule 6.44. Legal Proceedings Against the Exchange

No Trading Permit Holder or person associated with a Trading Permit Holder may 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 does not apply to appeals of disciplinary actions or other actions by the Exchange as provided for in the Rules.

[Adopted December 10, 2009; Amended June 4, 2015 (SR-C2-2015-010); Amended May 14, 2018 (SR-C2-2018-005)]

Rule 6.45. 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 data 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, intraday 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.

[Adopted November 20, 2019 (SR-C2-2019-025)]

Section D. Crossing

Rule 6.50. Order Exposure Requirement

(a) *Principal Transactions.* A Trading Permit Holder may not execute as principal against orders it represents as agent unless: (1) agency orders are first exposed on the System for at least one (1) second, or (2) the Trading Permit Holder has been bidding or offering for at least one (1) second prior to receiving an agency order that is executable against such bid or offer.

(b) *Solicitation Orders.* A Trading Permit Holder must expose orders it represents as agent for at least one (1) second before the orders may be executed on the System, in whole or in

part, against orders solicited from Trading Permit Holders and non-Trading Permit Holder broker-dealers to transact with the orders.

. . . Interpretations and Policies:

.01 This Rule prevents a Trading Permit Holder from executing agency orders to increase its economic gain from trading against the order without first giving other trading interest on the Exchange an opportunity to either trade with the agency order or to trade at the execution price when the Trading Permit Holder was already bidding or offering on the Book. However, the Exchange recognizes that it may be possible for a Trading Permit Holder to establish a relationship with a 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 is a violation of this Rule for a Trading Permit Holder to be a party to any arrangement designed to circumvent this Rule by providing an opportunity for a customer to regularly execute against agency orders handled by the Trading Permit Holder immediately upon their entry into the System.

.02 It is a violation of this Rule for a Trading Permit Holder to cause the execution of an order it represents as agent on C2 against orders it solicited from Trading Permit Holders and non-Trading Permit Holder broker-dealers, whether such solicited orders are entered into C2 directly by the Trading Permit Holder or by the solicited party (either directly or through another Trading Permit Holder), if the Trading Permit Holder fails to expose orders on C2 as required by this Rule.

.03 With respect to nondisplayed portions of Reserve orders, the exposure requirement of this Rule is satisfied if the displayed portion of the order is displayed at its displayable price for one second.

.04 Prior to or after submitting an order to the System, a Trading Permit Holder cannot inform another Trading Permit Holder or any other third party of any of the terms of the order.

[Adopted December 10, 2009; Amended May 14, 2018 (SR-C2-2018-005)]

Rule 6.51. Trading 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 4.1 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 (a) 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 (b) the solicited trade can no longer reasonably be considered imminent in view of the passage of time since the solicitation. For purposes of this Rule, 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. With respect to an SPX option, an OEX option is a related instrument, and vice versa.

[formerly Rule 6.55 – Adopted December 10, 2009; Amended June 17, 2010 (SR-C2-2010-002); Amended May 14, 2018 (SR-C2-2018-005)]

Section E. Intermarket Linkage

The rules contained in Cboe Options Chapter 5, Section E relating to the Options Order Protection and Locked/Crossed Market Plan, as such rules may be in effect from time to time, apply to C2 and are incorporated into this Section. The terms “Exchange” and “Cboe Options” in Cboe Options Chapter 5, Section E mean “C2” for purposes of this Section.

[Adopted December 10, 2009; Amended May 14, 2018 (SR-C2-2018-005); Amended November 20, 2019 (SR-C2-2019-025)]

Section F. Exercises and Deliveries

The rules contained in Cboe Options Chapter 6, Section B, as such rules may be in effect from time to time, apply to C2 and are incorporated into this Section. C2 Trading Permit Holders must comply with Cboe Options Chapter 6, Section B as if such rules were part of the Rules. Unless the context dictates otherwise, the following terms, or any variations of these terms, from Cboe Options Chapter 6, Section B have the following meanings for purposes of this Section: “Exchange” and “Cboe Options” mean “C2”; “Trading Permit Holder” (i.e., Cboe Options Trading Permit Holder) means “Trading Permit Holder” (i.e., C2 Trading Permit Holder); and “Clearing Trading Permit Holder” (i.e., Cboe Options Clearing Trading Permit Holder) means “Clearing Trading Permit Holder” (i.e., C2 Clearing Trading Permit Holder).

Notwithstanding the above paragraph, the rules contained in Cboe Options Chapter 6, Section B regarding Range Options, Binary Options, Corporate Debt Security options, Credit Options, Government Security options, and interest rate options do not apply to C2.

[Adopted March 15, 2017 (SR-C2-2017-007); Amended May 14, 2018 (SR-C2-2018-005); Amended November 20, 2019 (SR-C2-2019-025)]

Section G. Off-Floor Transactions and Transfers

Rule 6.60. Prohibition on Transactions Off the Exchange

(a) 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.

(b) 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.

[Adopted June 5, 2020 (SR-C2-2020-006)]

Rule 6.61. Off-Floor Transfers of Positions

(a) *Permissible Off-Floor Transfers.* Notwithstanding the prohibition set forth in Rule 6.60, 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 of the Cboe Rules (incorporated into Chapter 5 of the Rules), 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 6.60, 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.

[Adopted June 5, 2020 (SR-C2-2020-006), amended August 28, 2020 (SR-C2-2020-009)]

Rule 6.62. Off-Floor RWA Transfers

Notwithstanding Rule 6.60, 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.

[Adopted June 5, 2020 (SR-C2-2020-006)]

Rule 6.63. In-Kind Exchange of Options Positions and ETF Shares and UIT Interests

Notwithstanding Rule 6.60, 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.

[Adopted June 5, 2020 (SR-C2-2020-006)]

CHAPTER 7

Regulatory Records, Reports, and Audits

Section A. General

The rules contained in Cboe Options Chapter 7, Section A, as such rules may be in effect from time to time, apply to C2 and are incorporated into this Section. C2 Trading Permit Holders must comply with Cboe Options Chapter 7, Section B as if such rules were part of the Rules. Unless the context dictates otherwise, the following terms, or any variations of these terms, from Cboe Options Chapter 7, Section A have the following meanings for purposes of this Section: “Exchange” and “Cboe Options” mean “C2”; “Trading Permit Holder” (i.e., Cboe Options Trading Permit Holder) means “Trading Permit Holder” (i.e., C2 Trading Permit Holder); “Clearing Trading Permit Holder” (i.e., Cboe Options Clearing Trading Permit Holder) means “Clearing Trading Permit Holder” (i.e., C2 Clearing Trading Permit Holder).

Notwithstanding the above paragraph, the rules contained in Cboe Options Chapter 7, Section A regarding Corporate Debt Security options, Government security options, and interest rate options and Cboe Options Rule 7.6 (Securities Accounts and Orders of Market-Makers) do not apply to C2.

[Adopted November 20, 2019 (SR-C2-2019-025)]

Section B. Consolidated Audit Trail (CAT)

The rules contained in Cboe Options Chapter 7, Section B, as such rules may be in effect from time to time, apply to C2 and are incorporated into this Section. C2 Trading Permit Holders must comply with Cboe Options Chapter 7, Section B as if such rules were part of the Rules. The terms “Exchange” and “Cboe Options” in Section F of Cboe Options Chapter VI mean “C2” for purposes of this Section.

[Adopted November 20, 2019 (SR-C2-2019-025)]

CHAPTER 8 Market-Makers

Rule 8.1. Initial Market-Maker Registration

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 Chapter 8, 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 19.

[Adopted December 10, 2009; Amended May 14, 2018 (SR-C2-2018-005)]

Rule 8.2. Market-Maker Class 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 9:00 a.m., which appointment becomes effective on the day the Market-Maker enters the appointment request.

(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 8.1(c).

[Adopted December 10, 2009; Amended September 30, 2010 (SR-C2-2010-004); Amended September 30, 2011 (SR-C2-2011-023); Amended June 28, 2012 (SR-C2-2012-019); Amended January 29, 2015 (SR-C2-2014-028); Amended February 10, 2016 (SR-C2-2016-002); Amended May 14, 2018 (SR-C2-2018-005); Amended May 8, 2019 (SR-C2-2019-007); Amended May 24, 2019 (SR-C2-2019-009)]

Rule 8.3. Market-Maker Class Appointment Costs

Each Trading Permit held by a Market-Maker has an appointment credit of 1.0. A Market-Maker may select for each of its Trading Permits any combination of class appointments, whose aggregate appointment cost does not exceed 1.0, based on the class "appointment costs" set forth below:

Class	Appointment Cost
All classes	.0001

[Adopted May 14, 2018 (SR-C2-2018-005)]

Rule 8.4. 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 8 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.

[Adopted December 10, 2009; Amended June 17, 2010 (SR-C2-2010-002); Amended May 14, 2018 (SR-C2-2018-005)]

Rule 8.5. Obligations of Market-Makers

(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 trading hours, maintain a continuous two-sided market in each of its appointed classes, pursuant to Rule 8.6(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) 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.

[Adopted December 10, 2009; Amended November 28, 2011 (SR-C2-2011-033); Amended July 11, 2012 (SR-C2-2012-022); Amended April 8, 2013 (SR-C2-2013-013); Amended April 9, 2013 (SR-C2-2013-008); Amended August 21, 2014 (SR-C2-2014-015); Amended May 14, 2018 (SR-C2-2018-005)]

Rule 8.6. 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 Process; or

(4) any of the circumstances provided in paragraph (c)(4) of Rule 602 exist.

(b) *Size*. A Market-Maker's bid (offer) for a series must be accompanied by the number of contracts at the price of the bid (offer) the Market-Maker is willing to buy (sell). The best bid and best offer entered by a Market-Maker must have a size of at least one contract.

(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 Quotes*. A Market-Maker must enter continuous bids and offers (in accordance with the requirements in Rules 8.5 and 8.6) in 60% of the cumulative number of seconds, or such higher percentage as the Exchange may announce in advance, for which that Market Maker's appointed classes are open for trading on a trading day, 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.

(1) 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 the 60% quoting standard with respect to that series.

(2) Specifically, the Exchange will calculate this requirement by taking the total number of seconds the Market Maker disseminates quotes in each appointed class, 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, and dividing that time by the eligible total number of seconds each appointed class is open for trading that trading day (including all trading sessions). Quoting is not required in every appointed class. This quoting obligation applies to all of a Market-Maker's appointed classes collectively. The Exchange determines compliance by a Market-Maker with the quoting obligations in this paragraph (d) 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.

(3) The Exchange may consider other exceptions to this obligation based on demonstrated legal or regulatory requirements or other mitigating circumstances.

(4) The continuous quoting obligations set forth in this paragraph (d) (A) will be 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 (B)

will be suspended for the duration that an underlying NMS stock is in a limit up-limit down state.

Market-Maker continuous quoting obligations in this paragraph (d) apply collectively to Market-Makers associated with the same Trading Permit Holder firm.

(e) The Exchange 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.

(f) 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.

[Adopted December 10, 2009; Amended May 14, 2018 (SR-C2-2018-005); Amended May 8, 2019 (SR-C2-2019-007); Amended May 24, 2019 (SR-C2-2019-009)]

Rule 8.7. Securities Accounts and Orders of Market-Makers

(a) *Identification of Accounts.* In a manner prescribed by the Exchange, each Market-Maker must 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.

(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.
- (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.
- (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.

[Adopted December 10, 2009; Amended May 15, 2017 (SR-C2-2017-019); Amended May 14, 2018 (SR-C2-2018-005)]

Rule 8.8. Financial Requirements and Arrangements for Market-Makers

- (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.

[Adopted December 10, 2009; Amended May 14, 2018 (SR-C2-2018-005)]

CHAPTER 9 Doing Business with the Public

The rules contained in Cboe Options Chapter 9, as such rules may be in effect from time to time, apply to C2 and are incorporated into this Chapter. C2 Trading Permit Holders must comply with Cboe Options Chapter 9 as if such rules were part of the Rules. Unless the context dictates otherwise, the following terms, or any variations of these terms, from Cboe Options Chapter 9 have the following meanings for purposes of this Chapter: “Exchange” and “Cboe Options” mean “C2”; “Trading Permit Holder” (i.e., Cboe Options Trading Permit Holder) means “Trading Permit Holder” (i.e., C2 Trading Permit Holder); and “Clearing Trading Permit Holder” (i.e., Cboe Options Clearing Trading Permit Holder) means “Clearing Trading Permit Holder” (i.e., C2 Clearing Trading Permit Holder).

Notwithstanding the above paragraph, the rules contained in Cboe Options Chapter 9 regarding Government security options do not apply to C2.

[Adopted December 10, 2009; Amended June 17, 2010 (SR-C2-2010-002); Amended May 14, 2018 (SR-C2-2018-005); Amended November 20, 2019 (SR-C2-2019-025)]

CHAPTER 10

Margin Requirements

The rules contained in Cboe Options Chapter 10, as such rules may be in effect from time to time, apply to C2 and are incorporated into this Chapter. C2 Trading Permit Holders must comply with Cboe Options Chapter 10 as if such rules were part of the Rules. Unless the context dictates otherwise, the following terms, or any variations of these terms, from Cboe Options Chapter 10 have the following meanings for purposes of this Chapter: “Exchange” and “Cboe Options” mean “C2”; “Trading Permit Holder” (i.e., Cboe Options Trading Permit Holder) means “Trading Permit Holder” (i.e., C2 Trading Permit Holder); and “Clearing Trading Permit Holder” (i.e., Cboe Options Clearing Trading Permit Holder) means “Clearing Trading Permit Holder” (i.e., C2 Clearing Trading Permit Holder).

Notwithstanding the above paragraph, Cboe Options Rule 10.12 (Government Security Options Margin Requirements) does not apply to C2.

[Adopted December 10, 2009; Amended June 17, 2010 (SR-C2-2010-002); Amended May 14, 2018 (SR-C2-2018-005); Amended November 20, 2019 (SR-C2-2019-025)]

CHAPTER 11

Net Capital Requirements

The rules contained in Cboe Options Chapter 11, as such rules may be in effect from time to time, apply to C2 and are incorporated into this Chapter. C2 Trading Permit Holders must comply with Cboe Options Chapter 11 as if such rules were part of the Rules. Unless the context dictates otherwise, the following terms, or any variations of these terms, from Cboe Options Chapter 11 have the following meanings for purposes of this Chapter: “Exchange” and “Cboe Options” mean “C2”; “Trading Permit Holder” (i.e., Cboe Options Trading Permit Holder) means “Trading Permit Holder” (i.e., C2 Trading Permit Holder); and “Clearing Trading Permit Holder” means “Clearing Trading Permit Holder” (i.e., C2 Clearing Trading Permit Holder).

[Adopted December 10, 2009; Amended June 17, 2010 (SR-C2-2010-002); Amended May 14, 2018 (SR-C2-2018-005); Amended November 20, 2019 (SR-C2-2019-025)]

CHAPTER 12

Summary Suspension

The rules contained in Cboe Options Chapter 12, as such rules may be in effect from time to time, apply to C2 and are incorporated into this Chapter. C2 Trading Permit Holders must comply with Cboe Options Chapter 12 as if such rules were part of the Rules. Unless the context dictates otherwise, the following terms, or any variations of these terms, from Cboe Options Chapter 12 have the following meanings for purposes of this Chapter: “Exchange” and “Cboe Options” mean “C2”; “Trading Permit Holder” (i.e., Cboe Options Trading Permit Holder) means “Trading Permit Holder” (i.e., C2 Trading Permit Holder); and “Trading Permit” (i.e., Cboe Options Trading Permit) means “Trading Permit” (i.e., C2 Trading Permit).

[Adopted December 10, 2009; Amended June 17, 2010 (SR-C2-2010-002); Amended May 14, 2018 (SR-C2-2018-005); Amended November 20, 2019 (SR-C2-2019-025)]

CHAPTER 13 Discipline

The rules contained in Cboe Options Chapter 13, as such rules may be in effect from time to time, apply to C2 and are incorporated into this Chapter. C2 Trading Permit Holders must comply with Cboe Options Chapter 13 as if such rules were part of the Rules. Unless the context dictates otherwise, the following terms, or any variations of these terms, from Cboe Options Chapter 13 have the following meanings for purposes of this Chapter: “Exchange” and “Cboe Options” mean “C2”; “Trading Permit Holder” (i.e., Cboe Options Trading Permit Holder) means “Trading Permit Holder” (i.e., C2 Trading Permit Holder); and “Clearing Trading Permit Holder” (i.e., Cboe Options Clearing Trading Permit Holder) means “Clearing Trading Permit Holder” (i.e., C2 Clearing Trading Permit Holder). Any references in Cboe Options Rule 13.15 to Rule 2.3 are deemed to refer to C2 Rule 3.9.

Notwithstanding the above paragraph, Cboe Options Rules 13.15(g)(4), 13.15(g)(5) and 13.15(g)(7) do not apply to C2.

Notwithstanding the above paragraphs, with respect to C2, the following replaces Cboe Options Rule 13.15(g)(6) – Violations of Trading Conduct and Decorum Policies in its entirety:

(6) Failure to Attend Exchange-Mandated Educational Training

A fine may be imposed upon a Trading Permit Holder or persons associated with Trading Permit Holders in accordance with the fine schedule set forth below for failure to attend Exchange-mandated educational training (per Rule 3.13).

<i>Number of Offenses in Any Rolling Twenty-Four Month Period</i>	<i>Fine Amount</i>
1st Offense	\$1,000

2nd Offense	\$2,500
Subsequent Offenses	\$5,000

Notwithstanding the above paragraph, with respect to C2, the following replaces Cboe Options Rule 13.15(g)(14) and (19) in their entirety:

(14) Failure to Meet C2 Quoting Obligations

A fine will be imposed upon a Market-Maker in accordance with the fine schedule set forth below for failure to meet its continuous quoting obligations (Rule 8.6(d)).

<i>Number of Offenses in Any Rolling Twenty-Four Month Period</i>	<i>Fine Amount</i>
1st Offense	\$2,000 to \$4,000
Subsequent Offenses	\$4,000 to \$5,000

(19) Failure to Conduct or Participate in Mandatory Systems Testing (Rule 6.34(b))

A fine will be imposed upon a Trading Permit Holder who fails to conduct or participate in mandatory systems testing (Rule 6.34(b)). Such fines are imposed on the basis of the following schedule:

<i>Number of Offenses in One Calendar Year</i>	<i>Fine Amount</i>
1st Offense	\$250
2nd Offense	\$500
3rd Offense	\$1,000
Subsequent Offenses	\$2,000

[Adopted December 10, 2009; Amended June 17, 2010 (SR-C2-2010-002); Amended May 14, 2018 (SR-C2-2018-005); Amended November 20, 2019 (SR-C2-2019-025)]

**CHAPTER 14
Arbitration**

The rules contained in Cboe Options Chapter 14, as such rules may be in effect from time to time, apply to C2 and are incorporated into this Chapter. C2 Trading Permit Holders must comply with Cboe Options Chapter 14 as if such rules were part of the Rules. Unless the context dictates otherwise, the following terms, or any variations of these terms, from Cboe Options Chapter 14 have the following meanings for purposes of this Chapter: “Exchange” and “Cboe Options” mean “C2”; “Constitution” means “Bylaws”; “Trading Permit Holder” (i.e., Cboe Options Trading Permit Holder) means “Trading Permit Holder” (i.e., C2 Trading Permit Holder); and “Clearing Trading Permit Holder”

(i.e., Cboe Options Clearing Trading Permit Holder) means “Clearing Trading Permit Holder” (i.e., C2 Clearing Trading Permit Holder).

[Adopted November 20, 2019 (SR-C2-2019-025)]

CHAPTER 15

Hearings and Review

The rules contained in Cboe Options Chapter 15, as such rules may be in effect from time to time, apply to C2 and are incorporated into this Chapter. C2 must comply with Cboe Options Chapter 15 as if such rules were part of the Rules. Unless the context dictates otherwise, the following terms, or any variations of these terms, from Cboe Options Chapter 15 have the following meanings for purposes of this Chapter: “Exchange” and “Cboe Options” mean “C2”; and “Trading Permit Holder” (i.e., Cboe Options Trading Permit Holder) means “Trading Permit Holder” (i.e., C2 Trading Permit Holder).

[Adopted December 10, 2009; Amended June 17, 2010 (SR-C2-2010-002); Amended May 14, 2018 (SR-C2-2018-005); Amended November 20, 2019 (SR-C2-2019-025)]