

Required fields are shown with yellow backgrounds and asterisks.

Filing by Cboe Exchange, Inc.
 Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 3C(b)(2) * <input type="checkbox"/>
Section 806(e)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description
 Provide a brief description of the action (limit 250 characters, required when Initial is checked *).
 The Exchange is proposing to delete rules that are no longer necessary in the review of large positions in broad-based index options.

Contact Information
 Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Rebecca Last Name * Tenuta
 Title * Counsel
 E-mail * rtenuta@cboe.com
 Telephone * (312) 786-7068 Fax

Signature
 Pursuant to the requirements of the Securities Exchange Act of 1934,
 has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.
 (Title *)
 Date 03/04/2019 Counsel
 By Rebecca Tenuta
 (Name *)
 NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.
 rtenuta@cboe.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

Item 1. Text of the Proposed Rule Change

(a) Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to delete rules that are no longer necessary in the review of large positions in broad-based index options. The text of the proposed rule change is provided in Exhibit 5.

(b) Not applicable.

(c) Not applicable.

Item 2. Procedures of the Self-Regulatory Organization

(a) The Exchange’s President (or designee) pursuant to delegated authority approved the proposed rule change on January 29, 2019.

(b) Please refer questions and comments on the proposed rule change to Patrick Sexton, (312) 786-7467, Laura G. Dickman, (312) 786-7572, or Rebecca Tenuta, (312) 786-7068, Cboe Exchange, Inc., 400 South LaSalle, Chicago, Illinois 60605.

Item 3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

The purpose of this rule change is to delete rules that are no longer necessary in the review of large positions in broad-based index options. Specifically, the Exchange proposes to delete Interpretations and Policies .03 (Reporting Requirement) and .04 (Margin and Clearing Firm Requirements) to Rule 24.4. Currently, Interpretation and Policy .03 to Rule 24.4 requires a TPH or TPH organization that maintains a broad-based index option position on the same side of the market in excess of 100,000 contracts for OEX, XEO, NDX, RUT, VIX, VXN, VXD, VXST, S&P 500 Dividend Index, SPX, Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance or Cboe

S&P 500 Three-Month Realized Volatility and 1 million contracts for BXM (1/10th value) and DJX, for its own account or for the account of a customer, to report information to the Exchange as to whether and how the positions are hedged. Interpretation and Policy .04 to Rule 24.4 currently allows the Exchange to determine whether additional margin is warranted in light of the risks associated with under-hedged options position on the broad-based index products listed in Interpretation and Policy .03 to Rule 24.4.

The Exchange believes that the Large Option Position Reporting (“LOPR”) system hosted by the Options Clearing Corporation (“OCC”) currently functions as a centralized system and streamlined process for all market participants industry-wide to report large options positions, including those in broad-based index options. This system allows TPHs and TPH organizations to submit their required LOPR files in compliance with Rule 4.13(a), which requires all TPHs to report to the Exchange aggregate long or short positions on the same side of the market of 200 or more contracts of any single class of option contracts. Essentially, OCC through the LOPR system acts as a centralized service provider for TPH compliance with position reporting requirements by collecting data from each TPH or TPH organization, consolidating the information, and ultimately providing detailed listings of each TPH’s or TPH organization’s report to the Exchange.¹ Though Rule 24.4(a) (Position Limits for Broad-Based Index Options)

¹ See Securities Exchange Act Release No. 79930 (February 2, 2017), 82 FR 9807 (February 8, 2017) (Notice of Filing and Order Approving and Declaring Effective an Amendment to the Plan for the Allocation of Regulatory Responsibilities Among Participating Organizations Concerning Options-Related Market Surveillance) (4-551) (Approving a multi-party 17d-2 agreement whereby member firms are allocated to the Exchange and other SROs for review for compliance with LOPR reporting requirements).

provides that there shall be no position limits for broad-based index option contracts on Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance, Cboe S&P 500 Three-Month Realized Volatility and on the BXM (1/10th value), DJX, OEX, XEO, NDX, RUT, VIX, VXN, VXD, VXST, S&P 500 Dividend Index, and SPX classes, Rule 4.13(a) still requires all TPHs to file a LOPR, which includes reporting on all options contracts dealt in on the Exchange. As stated, the Exchange currently receives² a TPH's or TPH organization's LOPR submissions through OCC and its centralized LOPR submission system. The Exchange notes that OCC's administration of the LOPR submissions to the Exchange will enable the Exchange to better allocate its surveillance resources, focusing on enhanced surveillance of trading to detect potential manipulation and larger, risky positions, rather than focusing on enforcement of requirements under Interpretation and Policy .03 to Rule 24.4. The Exchange believes that its enhanced surveillance will allow it to effectively assess LOPR submissions received through OCC and promptly respond to market concerns at an early stage. Additionally, under current Rule 15.1 (Maintenance, Retention and Furnishing of Books, Records and Other Information), TPHs are required to make available to the Exchange such books, records or other information as may be called for under the Rules or as may be requested in connection with an investigation by the Exchange.³ The Exchange believes the aforementioned processes and procedures eliminate the need for the Exchange to receive

² The Exchange itself, as well as Financial Industry Regulatory Authority, Inc. ("FINRA"), acting as its agent pursuant to a regulatory services agreement ("RSA"), receive and review LOPR submissions.

³ The Exchange notes that "in connection with an investigation" broadly encompasses any request made by the Exchange for information which may lead to the initiation of a formal investigation.

essentially duplicative position and hedge documentation for broad-based index options separately from a TPH or TPH organization in accordance with the current Interpretation and Policy .03 to Rule 24.4. Under the current LOPR information gathering and reporting regime and Rule 15.1, such efforts by the Exchange are duplicative and unduly burdensome for TPHs, TPH organizations, and the Exchange. The Exchange thus believes that the proposed rule change will remove duplicative and burdensome procedures.

The Exchange notes that it has found no occasion necessary to impose additional margin requirements pursuant to the current Interpretation and Policy .04 to Rule 24.4, as a result of the reporting and review process in connection with Interpretation and Policy .03 to Rule 24.4. The Exchange has found that unhedged or under-hedged large option positions have generally not been identified. The Exchange believes this eliminates the need for the receipt of information and documentation from TPHs or TPH organizations as to whether and how their broad-based index option positions are hedged under Interpretation and Policy .03 to Rule 24.4, and any need for the Exchange to raise additional margin in light of under-hedged positions under Interpretation and Policy .04 to Rule 24.4. Further, under Rule 12.10 (Margin Required Is Minimum) the Exchange currently may impose higher margin requirements when it deems such higher margin requirements to be advisable. As a result, the Exchange believes that the proposed rule changes will serve to benefit investors by removing duplicative and burdensome procedures.

Additionally, the Exchange believes that risk review and controls, including hedge strategy implementation and assessment of credit and margin, are most efficient

and effective at the TPH level. Currently, the Exchange understands TPHs and TPH organizations generally have their own internal risk management processes and procedures in place for reviewing, identifying and controlling risk of large option positions, including hedges for those positions. Moreover, under Rule 15.8A (Risk Analysis of Portfolio Margin Accounts), TPH organizations that maintain any portfolio margin accounts for customers are currently required to establish and maintain a comprehensive written risk analysis methodology for assessing and monitoring the potential risk to the TPH organization's capital over a specified range of possible market movements of positions maintained in such accounts. Specifically, Rule 15.8A(c) requires a TPH organization that maintains any portfolio margin accounts for customers to incorporate specific and thorough procedures and guidelines into its written risk methodology for monitoring credit risk exposure to the TPH organization on both an intra-day and end of day basis, managing the impact of credit extension on the TPH organization's overall risk exposure, the appropriate response by management when limits on credit extensions have been exceeded, determining the need to collect additional margin, and so on. The Exchange believes that the rules described above pursuant to which it can receive information from TPHs regarding hedges of their positions in broad-based index options are less burdensome and more efficient than the process used pursuant to Interpretations and Policies .03 and .04 of Rule 24.4, making those rule provisions redundant and no longer necessary.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to

the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁴ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁵ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁶ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that removing the duplicative and burdensome processes in connection with Interpretations and Policies .03 and .04 to Rule 24.4 will serve to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and benefit investors. Specifically, the Exchange believes that the receipt of LOPR reports from OCC and other Exchange Rules provide it with a more efficient means to receive the same information as it receives, and take the same action it may take, pursuant to Rule 24.4, Interpretations and Policies .03 and .04. As stated, the Exchange believes that its receipt of LOPR submissions through OCC will

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(5).

⁶ Id.

allow for it to allocate enhanced surveillance resources to assessing the LOPR submissions and detecting and deterring any concerning market behavior or trading abuses at an early stage, thereby protecting investors by removing impediments to and perfecting the mechanism of a free and open market and national market system. The Exchange further believes that removing the reporting requirement under Interpretation and Policy .03 to Rule 24.4 will benefit investors by removing a duplicative and thus unnecessary reporting and documentation step.

The Exchange also believes the proposed rule change is consistent with Section 6(b)(1) of the Act,⁷ which provides that the Exchange be organized and have the capacity to be able to carry out the purposes of the Act and to enforce compliance by the Exchange's Trading Permit Holders and persons associated with its Trading Permit Holders with the Act, the rules and regulations thereunder, and the rules of the Exchange.

In particular, the Exchange currently has the capacity under other Exchange Rules to be able to enforce compliance by TPH and TPH organizations related to submission of appropriate hedge information and imposing sufficient margin on large broad-based-index options positions. The Exchange believes that removing redundant and unnecessary rules will allow for the Exchange to be organized and better able to carry out the purposes of the Act and enforce compliance.

Item 4. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In particular, the proposed rule changes are not intended to address

⁷ 15 U.S.C. 78f(b)(1).

competitive issues but rather are concerned with facilitating less burdensome and more efficient regulatory compliance. The Exchange believes the proposed rule changes reduces reporting burdens on all market participants equally.

Item 5. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

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

Item 6. Extension of Time Period for Commission Action

Not applicable.

Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

(a) The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of Act⁸ and Rule 19b-4(f)(6)⁹ thereunder.

(b) The Exchange designates that the proposed rule change effects a change that (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Securities and Exchange Commission (the “Commission”) may designate if consistent with the protection of investors and the public interest. Additionally, the Exchange has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(6).

by the Commission.

The proposed rule changes do not affect the protection of investors or the public interest. Currently, the dissemination of LOPR reports from OCC to the Exchange, along with other Exchange Rules provide more efficient ways investors may report, and the Exchange may request, the same information under Interpretations and Policies .03 and .04 to Rule 24.4. The Exchange believes that eliminating Interpretations and Policies .03 and .04 to Rule 24.4 will benefit investors by removing a duplicative and thus unnecessary reporting and documentation steps. As described above, the Exchange also believes that its enhanced surveillance procedures will be implemented when reviewing LOPR submissions via OCC in order to monitor accounts maintaining large positions which will allow the Exchange to take the appropriate action in order to avoid any manipulation or market risk concerns.

The proposed rule changes do not impose any significant burden on competition. The proposed rule changes are not intended to address competitive issues but rather are concerned with facilitating less burdensome and more efficient regulatory compliance. The Exchange believes the proposed rule changes will serve to reduce reporting burdens on all market participants equally.

For the foregoing reasons, this rule filing qualifies as a “non-controversial” rule change under Rule 19b-4(f)(6), which renders the proposed rule change effective upon filing with the Commission. At any time within 60 days of the filing of this proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

(c) Not applicable.

(d) Not applicable.

Item 8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is not based on a rule either of another self-regulatory organization or of the Commission.

Item 9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

Item 10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

Item 11. Exhibits

Exhibit 1. Completed Notice of Proposed Rule Change for publication in the Federal Register.

Exhibit 5. Proposed rule text.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CBOE-2019-014]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Delete Rules that are no Longer Necessary in the Review of Large Positions in Broad-Based Index Options

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on [insert date], Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to delete rules that are no longer necessary in the review of large positions in broad-based index options.

The text of the proposed rule change is provided in Exhibit 5.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

The text of the proposed rule change is also available on the Exchange's website (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this rule change is to delete rules that are no longer necessary in the review of large positions in broad-based index options. Specifically, the Exchange proposes to delete Interpretations and Policies .03 (Reporting Requirement) and .04 (Margin and Clearing Firm Requirements) to Rule 24.4. Currently, Interpretation and Policy .03 to Rule 24.4 requires a TPH or TPH organization that maintains a broad-based index option position on the same side of the market in excess of 100,000 contracts for OEX, XEO, NDX, RUT, VIX, VXN, VXD, VXST, S&P 500 Dividend Index, SPX, Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance or Cboe S&P 500 Three-Month Realized Volatility and 1 million contracts for BXM (1/10th value) and DJX, for its own account or for the account of a customer, to report information to the Exchange as to whether and how the positions are hedged.

Interpretation and Policy .04 to Rule 24.4 currently allows the Exchange to determine whether additional margin is warranted in light of the risks associated with under-hedged options position on the broad-based index products listed in Interpretation and Policy .03 to Rule 24.4.

The Exchange believes that the Large Option Position Reporting (“LOPR”) system hosted by the Options Clearing Corporation (“OCC”) currently functions as a centralized system and streamlined process for all market participants industry-wide to report large options positions, including those in broad-based index options. This system allows TPHs and TPH organizations to submit their required LOPR files in compliance with Rule 4.13(a), which requires all TPHs to report to the Exchange aggregate long or short positions on the same side of the market of 200 or more contracts of any single class of option contracts. Essentially, OCC through the LOPR system acts as a centralized service provider for TPH compliance with position reporting requirements by collecting data from each TPH or TPH organization, consolidating the information, and ultimately providing detailed listings of each TPH’s or TPH organization’s report to the Exchange.⁵ Though Rule 24.4(a) (Position Limits for Broad-Based Index Options) provides that there shall be no position limits for broad-based index option contracts on Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance, Cboe S&P 500 Three-Month Realized Volatility and on the BXM (1/10th value), DJX, OEX,

⁵ See Securities Exchange Act Release No. 79930 (February 2, 2017), 82 FR 9807 (February 8, 2017) (Notice of Filing and Order Approving and Declaring Effective an Amendment to the Plan for the Allocation of Regulatory Responsibilities Among Participating Organizations Concerning Options-Related Market Surveillance) (4-551) (Approving a multi-party 17d-2 agreement whereby member firms are allocated to the Exchange and other SROs for review for compliance with LOPR reporting requirements).

XEO, NDX, RUT, VIX, VXN, VXD, VXST, S&P 500 Dividend Index, and SPX classes, Rule 4.13(a) still requires all TPHs to file a LOPR, which includes reporting on all options contracts dealt in on the Exchange. As stated, the Exchange currently receives⁶ a TPH's or TPH organization's LOPR submissions through OCC and its centralized LOPR submission system. The Exchange notes that OCC's administration of the LOPR submissions to the Exchange will enable the Exchange to better allocate its surveillance resources, focusing on enhanced surveillance of trading to detect potential manipulation and larger, risky positions, rather than focusing on enforcement of requirements under Interpretation and Policy .03 to Rule 24.4. The Exchange believes that its enhanced surveillance will allow it to effectively assess LOPR submissions received through OCC and promptly respond to market concerns at an early stage. Additionally, under current Rule 15.1 (Maintenance, Retention and Furnishing of Books, Records and Other Information), TPHs are required to make available to the Exchange such books, records or other information as may be called for under the Rules or as may be requested in connection with an investigation by the Exchange.⁷ The Exchange believes the aforementioned processes and procedures eliminate the need for the Exchange to receive essentially duplicative position and hedge documentation for broad-based index options separately from a TPH or TPH organization in accordance with the current Interpretation and Policy .03 to Rule 24.4. Under the current LOPR information gathering and reporting

⁶ The Exchange itself, as well as Financial Industry Regulatory Authority, Inc. ("FINRA"), acting as its agent pursuant to a regulatory services agreement ("RSA"), receive and review LOPR submissions.

⁷ The Exchange notes that "in connection with an investigation" broadly encompasses any request made by the Exchange for information which may lead to the initiation of a formal investigation.

regime and Rule 15.1, such efforts by the Exchange are duplicative and unduly burdensome for TPHs, TPH organizations, and the Exchange. The Exchange thus believes that the proposed rule change will remove duplicative and burdensome procedures.

The Exchange notes that it has found no occasion necessary to impose additional margin requirements pursuant to the current Interpretation and Policy .04 to Rule 24.4, as a result of the reporting and review process in connection with Interpretation and Policy .03 to Rule 24.4. The Exchange has found that unhedged or under-hedged large option positions have generally not been identified. The Exchange believes this eliminates the need for the receipt of information and documentation from TPHs or TPH organizations as to whether and how their broad-based index option positions are hedged under Interpretation and Policy .03 to Rule 24.4, and any need for the Exchange to raise additional margin in light of under-hedged positions under Interpretation and Policy .04 to Rule 24.4. Further, under Rule 12.10 (Margin Required Is Minimum) the Exchange currently may impose higher margin requirements when it deems such higher margin requirements to be advisable. As a result, the Exchange believes that the proposed rule changes will serve to benefit investors by removing duplicative and burdensome procedures.

Additionally, the Exchange believes that risk review and controls, including hedge strategy implementation and assessment of credit and margin, are most efficient and effective at the TPH level. Currently, the Exchange understands TPHs and TPH organizations generally have their own internal risk management processes and procedures in place for reviewing, identifying and controlling risk of large option

positions, including hedges for those positions. Moreover, under Rule 15.8A (Risk Analysis of Portfolio Margin Accounts), TPH organizations that maintain any portfolio margin accounts for customers are currently required to establish and maintain a comprehensive written risk analysis methodology for assessing and monitoring the potential risk to the TPH organization's capital over a specified range of possible market movements of positions maintained in such accounts. Specifically, Rule 15.8A(c) requires a TPH organization that maintains any portfolio margin accounts for customers to incorporate specific and thorough procedures and guidelines into its written risk methodology for monitoring credit risk exposure to the TPH organization on both an intra-day and end of day basis, managing the impact of credit extension on the TPH organization's overall risk exposure, the appropriate response by management when limits on credit extensions have been exceeded, determining the need to collect additional margin, and so on. The Exchange believes that the rules described above pursuant to which it can receive information from TPHs regarding hedges of their positions in broad-based index options are less burdensome and more efficient than the process used pursuant to Interpretations and Policies .03 and .04 of Rule 24.4, making those rule provisions redundant and no longer necessary.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁸ Specifically, the Exchange believes the proposed rule change is consistent with the

⁸ 15 U.S.C. 78f(b).

Section 6(b)(5)⁹ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁰ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that removing the duplicative and burdensome processes in connection with Interpretations and Policies .03 and .04 to Rule 24.4 will serve to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and benefit investors. Specifically, the Exchange believes that the receipt of LOPR reports from OCC and other Exchange Rules provide it with a more efficient means to receive the same information as it receives, and take the same action it may take, pursuant to Rule 24.4, Interpretations and Policies .03 and .04. As stated, the Exchange believes that its receipt of LOPR submissions through OCC will allow for it to allocate enhanced surveillance resources to assessing the LOPR submissions and detecting and deterring any concerning market behavior or trading

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ Id.

abuses at an early stage, thereby protecting investors by removing impediments to and perfecting the mechanism of a free and open market and national market system. The Exchange further believes that removing the reporting requirement under Interpretation and Policy .03 to Rule 24.4 will benefit investors by removing a duplicative and thus unnecessary reporting and documentation step.

The Exchange also believes the proposed rule change is consistent with Section 6(b)(1) of the Act,¹¹ which provides that the Exchange be organized and have the capacity to be able to carry out the purposes of the Act and to enforce compliance by the Exchange's Trading Permit Holders and persons associated with its Trading Permit Holders with the Act, the rules and regulations thereunder, and the rules of the Exchange.

In particular, the Exchange currently has the capacity under other Exchange Rules to be able to enforce compliance by TPH and TPH organizations related to submission of appropriate hedge information and imposing sufficient margin on large broad-based-index options positions. The Exchange believes that removing redundant and unnecessary rules will allow for the Exchange to be organized and better able to carry out the purposes of the Act and enforce compliance.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In particular, the proposed rule changes are not intended to address competitive issues but rather are concerned with facilitating less burdensome and more

¹¹ 15 U.S.C. 78f(b)(1).

efficient regulatory compliance. The Exchange believes the proposed rule changes reduces reporting burdens on all market participants equally.

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

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

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

Because the foregoing proposed rule change does not:

- A. significantly affect the protection of investors or the public interest;
- B. impose any significant burden on competition; and

C. become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹² and Rule 19b-4(f)(6)¹³ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(6).

the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CBOE-2019-014 on the subject line.

Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CBOE-2019-014. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You

should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CBOE-2019-014 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Secretary

¹⁴ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

* * * * *

**Cboe Exchange, Inc.
Rules**

* * * * *

Rule 24.4. Position Limits for Broad-Based Index Options

(a) – (e) No change.

...Interpretations and Policies:

.01 – .02 No change.

[.03 Reporting Requirement

Each Trading Permit Holder (other than Cboe Options Market-Makers) or TPH organization that maintains a broad-based index option position on the same side of the market in excess of 100,000 contracts for OEX, XEO, NDX, RUT, VIX, VXN, VXD, VXST, S&P 500 Dividend Index, SPX, Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance or Cboe S&P 500 Three-Month Realized Volatility and 1 million contracts for BXM (1/10th value) and DJX, for its own account or for the account of a customer, shall report information as to whether the positions are hedged and provide documentation as to how such contracts are hedged, in the manner and form required by the Department of Market Regulation. In calculating the applicable contract-reporting amount, reduced-value contracts will be aggregated with full-value contracts and counted by the amount by which they equal a full-value contract (e.g., 10 XSP options equal 1 SPX full-value contract). The Exchange may specify other reporting requirements of this interpretation as well as the limit at which the reporting requirement may be triggered.

.04 Margin and Clearing Firm Requirements

Whenever the Exchange determines, based on a report by the Department of Market Regulation or otherwise, that additional margin is warranted in light of the risks associated with an under-hedged BXM (1/10th value), SPX, OEX, XEO, NDX, RUT, DJX, VIX, VXN, VXD, VXST, S&P 500 Dividend Index, Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance or Cboe S&P 500 Three-Month Realized Volatility option position, the Exchange may consider imposing additional margin upon the account maintaining such under- hedged position pursuant to its authority under Exchange Rule 12.10. Additionally, it should be noted that the clearing firm carrying the account will be subject to capital charges under SEC Rule 15c3-1 to the extent of any margin deficiency resulting from the higher margin requirements.]

.0[5]3 Delta-Based Index Hedge Exemption

The Delta-Based Index Hedge Exemption is in addition to the standard limit and other exemptions available under Exchange rules, interpretations and policies. An index option position of a member, non-member affiliate of a member or customer that is delta neutral shall be exempt from established position limits as prescribed under this Rule 24.4, subject to the following:

(A) – (G) No change.