



## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104037; File No. SR-CboeBZX-2025-130]

### **Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rule 11.23 to Introduce an Option for an Exchange-Traded Product (“ETP”) Eligible to Participate in an Initial Public Offering (“IPO”) Auction to Elect to Commence Trading in the BZX Early Trading Session**

September 24, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 22, 2025, Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II 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 Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder.<sup>4</sup> 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 BZX Exchange, Inc. (“BZX” or the “Exchange”) is filing with the Securities and Exchange Commission (“Commission” or “SEC”) a proposal to amend Rule 11.23 to introduce an option for an exchange-traded product (“ETP”) eligible to participate in an initial public offering (“IPO”) auction to elect to commence trading in the BZX Early Trading Session.<sup>5</sup> The text of the proposed rule change is provided in Exhibit 5.

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

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

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

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

<sup>5</sup> See Rule 1.5(ff).

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

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

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

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

#### **1. Purpose**

The Exchange proposes to amend Rule 11.23 to provide an option for an ETP IPO Security<sup>6</sup> to commence trading in the BZX Early Trading Session. The Exchange also proposes to amend Rule 11.23(a) in order to introduce the defined term “ETP IPO Security.” Additionally, the Exchange proposes to make conforming changes to Rule 11.23(d)(2)(E) by creating subsections 11.23(d)(2)(E)(i) and (ii) to improve clarity in the Exchange’s rulebook. The proposal is substantively identical to the Nasdaq Stock Market LLC (“Nasdaq”) functionality that allows ETP IPO Securities the option to commence trading at 4:00 a.m. Eastern Time (“ET”)<sup>7</sup> or in the IPO Auction (which generally occurs 9:30 a.m. ET) on the first day of trading, as discussed further below.<sup>8</sup>

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<sup>6</sup> See proposed Rule 11.23(a)(24), as discussed below.

<sup>7</sup> Hereinafter, all times referenced are in Eastern Time.

<sup>8</sup> See Securities Exchange Act No. 103085 (May 20, 2025) 90 FR 22424 (May 27, 2025) (SR-Nasdaq-2025-011) (Notice of Filing of Amendment No. 1, and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Introduce Functionality To Initiate a Trading Halt for Exchange-Traded Products on Launch Day) (the “Nasdaq Approval Order”).

The Exchange proposes to introduce the defined term “ETP IPO Security” as Rule 11.23(a)(24), which means a Derivative Security<sup>9</sup> that is eligible to participate in an IPO Auction<sup>10</sup> pursuant to Rule 11.23(d).

The Exchange also proposes to amend Rule 11.23(d)(2)(E) to delineate the IPO Auction from the Halt Auction with no substantive change. Specifically, the Exchange proposes to bifurcate Rule 11.23(d)(2)(E) by creating subsections (i) and (ii), which clarifies the separate determination of each of the IPO Auction price and the Halt Auction price, respectively. Rule 11.23(d)(2)(E)(i) provides that “[f]or IPO Auctions, orders will be executed at the price level within the Collar Price Range that maximizes the number of shares executed in the auction. In the event of a volume based tie at multiple price levels, the price level that results in the minimum total imbalance will be used. In the event of a volume based tie and a tie in minimum total imbalance at multiple price levels, the price level closest to the issuing price will be used for IPO Auctions. The IPO Auction price will be the BZX Official IPO Opening Price unless otherwise provided under this Rule 11.23.” The proposed new language under Rule 11.23(d)(2)(E)(i) is identical to existing language under Rule 11.23(d)(2)(E). Rule 11.23(d)(2)(E)(ii) provides that “[f]or Halt Auctions following a Regulatory Halt, orders will be executed at the price level within the Halt Auction Collars that maximizes the number of shares executed in the auction. In the event of a volume based tie at multiple price levels, the price level that results in the minimum total imbalance will be used. In the event of a volume based tie and a tie in minimum total imbalance at multiple price levels, the price level closest to the Final Last Sale Eligible Trade will be used for Halt Auctions.” The Exchange is only proposing to delete text from proposed Rule 11.23(d)(2)(E)(ii) that is not applicable to Halt Auctions under existing Rule 11.23(d)(2)(E).

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<sup>9</sup> See Rule 1.5(dd). The term “Derivative Security” means a security that meets the definition of “new derivative securities product” in Rule 19b-4(e) under the Exchange Act.

<sup>10</sup> See Rule 11.22(1)(B). “IPO Auction” means the initial pricing procedures described in Rule 11.23(d).

The Exchange also proposes to adopt new Rule 11.23(a)(2)(E)(i)(a) to provide that ETP IPO Securities may commence trading in the Early Trading Session as an alternative to the IPO Auction. Specifically, proposed Rule 11.23(a)(2)(E)(i)(a) states that “[a]n ETP IPO Security may elect to commence trading in the Early Trading Session described in Rule 11.1(a). If an ETP IPO Security elects to commence trading during the Early Trading Session, the BZX Official IPO Opening Price<sup>11</sup> for such ETP IPO Security shall be determined pursuant to Rule 11.23(b)(2)(B).”

Today, ETP IPO Securities commence trading at the start of Regular Trading Hours<sup>12</sup> (9:30 a.m.) pursuant to the IPO Auction process set forth under Exchange Rule 11.23(d). The amendments proposed herein introduce an option for an ETP IPO Security to commence trading during the Early Trading Session. As proposed, an ETP IPO Security would begin trading pursuant to the current IPO Auction process provided under existing Rule 11.23(d)(2)(E) unless otherwise specified by the issuer of an ETP IPO Security. If the ETP IPO Security elects to commence trading during the Early Trading Session, the ETP IPO Security would simply open for trading at 4:00 a.m. ET in the Early Trading Session<sup>13</sup> in the same manner that an ETP transferred from another securities exchange begins trading on BZX.<sup>14</sup> An ETP IPO Security that elects to commence trading during the Early Trading Session would participate in the standard Opening Auction process under Exchange Rule 11.23(b)(2)(B) rather than the IPO Auction process. As a result, the BZX Official IPO Opening Price would also be determined pursuant to the Opening Auction under Exchange Rule 11.23(b)(2)(B) rather than the IPO Auction.

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of

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<sup>11</sup> See Rule 11.23(a)(4).

<sup>12</sup> See Rule 1.5(w). The term “Regular Trading Hours” means the time between 9:30 a.m. and 4:00 p.m. Eastern Time.

<sup>13</sup> See Exchange Rule 1.5(ff).

<sup>14</sup> See full details of the Exchange’s auction process specifications at [Cboe\\_US\\_Equities\\_Auction\\_Process.pdf](#); see also Rule 11.23(d)(2)(E).

Section 6(b) of the Act.<sup>15</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>16</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>17</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the proposed rule changes will remove impediments to and perfect the mechanism of a free and open market and national market system and will benefit investors by providing market participants with additional opportunities to source and access liquidity for their orders in new issue ETPs on the Exchange. The proposed option to permit issuers to begin trading an ETP IPO Security during the Early Trading Session is a response to feedback from ETP issuers that such an option is desirable, as it would provide for earlier trading opportunities in highly anticipated new issue ETPs. Further, the Exchange believes that the issuer is best situated to make the decision whether to commence trading in its ETP IPO Security during the Early Trading Session or pursuant to the IPO Auction. The proposed amendments will have no impact on the operation of trading in the Early Trading Session and would simply allow for an ETP IPO Security to begin trading on the Exchange at 4 a.m. in the same manner that that an ETP transferred from another securities exchange begins trading on BZX. The Exchange believes that amending its rules to extend trading hours for ETP IPO Securities will benefit

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

<sup>16</sup> 15 U.S.C. 78f(b)(5).

<sup>17</sup> Id.

investors in that they will now be able to trade ETP IPO Securities earlier in the day, providing additional access to liquidity in securities that an ETP issuer deems appropriate for trading in the Early Trading Session. The Exchange also believes that offering the IPO Auction as a default for ETP IPO Securities with the option to participate in the Early Trading Session will allow issuers an alternative option if such issuer is concerned about unexpected volatility in ETP pricing during the Early Trading Session.<sup>18</sup>

The Exchange believes that proposed rule changes raise no novel issues as the proposed rules are consistent with early trading for ETPs already in place under the rules of another equities exchange,<sup>19</sup> as previously approved by the Commission.<sup>20</sup>

**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. Particularly, the Exchange does not believe that the proposed rule change will impose any burden on intra-market competition that is not necessary or appropriate in furtherance of purposes of the Act because all ETP IPO Securities may commence trading in the BZX Early Trading Session if requested by the issuer. The Exchange also does not believe that the proposed rule change will impose any burden on intermarket competition but instead may promote competition because the proposed early trading hours for ETP IPO Securities are identical to those on Nasdaq.<sup>21</sup> Market participants on other exchanges are welcome to trade at BZX if they determine that this proposed rule change has made BZX more attractive or favorable.

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<sup>18</sup> See the Nasdaq Approval Order at 24430.

<sup>19</sup> See Nasdaq Rule 4120(b)(4).

<sup>20</sup> Supra note 7.

<sup>21</sup> See Securities Exchange Act No. 103085 (May 20, 2025) 90 FR 22424 (May 27, 2025) (SR-Nasdaq-2025-011) (Notice of Filing of Amendment No. 1, and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Introduce Functionality To Initiate a Trading Halt for Exchange-Traded Products on Launch Day).

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

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

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>22</sup> and Rule 19b-4(f)(6)<sup>23</sup> thereunder. Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; or (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>24</sup> and Rule 19b-4(f)(6)<sup>25</sup> thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)<sup>26</sup> normally does not become operative prior to 30 days after the date of the filing. However, Rule 19b-4(f)(6)(iii)<sup>27</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay. The Exchange states that waiver of the operative delay will allow it to quickly offer the option for an ETP IPO Security to commence trading during the Early Trading Session, thereby providing an additional source of liquidity for ETP IPO Securities during this time. The Exchange also states that the proposed change will not negatively impact investors or the public interest because the proposal will not alter the operation of the Exchange’s Early Trading Session, and the ETP IPO Security would simply open for trading at 4:00 a.m. ET<sup>28</sup> in the same

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<sup>22</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>23</sup> 17 CFR 240.19b-4(f)(6).

<sup>24</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>25</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

<sup>26</sup> Id.

<sup>27</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>28</sup> See Exchange Rule 1.5(ff).

manner that an ETP transferred from another securities exchange begins trading on BZX. For these reasons, and because the proposed rule change does not raise any new or novel regulatory issues, the Commission finds that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposed rule change as operative upon filing.<sup>29</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

#### **IV. Solicitation of Comments**

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-CboeBZX-2025-130 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.

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<sup>29</sup> For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See U.S.C. 78c(f).

All submissions should refer to file number SR-CboeBZX-2025-130. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

All submissions should refer to file number SR-CboeBZX-2025-130 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>30</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>30</sup> 17 CFR 200.30-3(a)(12), (59).