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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104434; File No. SR-CboeBZX-2025-168]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Temporarily Increase the Options Regulatory Fee (ORF) from January 2, 2026 through June 30, 2026

December 17, 2025.

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 December 17, 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, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Cboe BZX Exchange, Inc. (the "Exchange" or "BZX Options") proposes to amend its Fees Schedule relating to the Options Regulatory Fee. The text of the proposed rule change is provided in Exhibit 5.

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

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

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[3] to temporarily increase the Options Regulatory Fee ("ORF") from $0.0001 per contract side to $0.0002 per contract side,[4] effective January 2, 2026.[5]

Background

Today, ORF is assessed by the Exchange to each Member for options transactions cleared by the Member that are cleared by the Options Clearing Corporation ("OCC") in the customer range, regardless of the exchange on which the transaction occurs. In other words, the Exchange imposes the ORF on all customer-range transactions cleared by a Member, even if the transactions do not take place on the Exchange. The ORF is collected by OCC on behalf of the Exchange from the Clearing Member or non-Member that ultimately clears the transaction. With respect to linkage transactions, the Exchange reimburses its routing broker providing Routing Services pursuant to Rule 21.9 for options regulatory fees it incurs in connection with the Routing Services it provides.

Revenue generated from ORF, when combined with all of the Exchange's other

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3 The Exchange initially filed the proposed fee changes on December 2, 2025 (SR-CboeBZX-2025-156). On December 15, 2025, the Exchange withdrew that filing and submitted (SR-CboeBZX-2025-164). On December 17, 2025, the Exchange withdrew that filing and submitted this proposal.

4 The Exchange also proposes to make nonsubstantive changes to the rule text that the ORF fee is charged per contract side. This is consistent with how the ORF fee has been charged and is merely a clarification to the Fee Schedule.

5 On July 1, 2026, the ORF rate will revert back to $0.0001 per contract side.

regulatory fees and fines, is designed to recover a material portion of the regulatory costs to the Exchange of the supervision and regulation of Member customer options business including performing routine surveillances, investigations, examinations, financial monitoring, and policy, rulemaking, interpretive, and enforcement activities. Regulatory costs include direct regulatory expenses and certain indirect expenses for work allocated in support of the regulatory function. The direct expenses include in-house and third-party service provider costs to support the day-to-day regulatory work such as surveillances, investigations and examinations. The indirect expenses include support from such areas as human resources, legal, compliance, information technology, facilities and accounting. These indirect expenses are estimated to be approximately 28% of the Exchange's total regulatory costs for 2026. Thus, direct expenses are estimated to be approximately 72% of total regulatory costs for 2026. In addition, based on the Exchange's analysis of its regulatory work associated with options regulation, and considering other regulatory revenue, it is the Exchange's practice that revenue generated from ORF not exceed more than 75% of total annual regulatory costs. These expectations are estimated, preliminary and may be subject to change. Currently, and for quite some time now, the Exchange has been collecting significantly lower than the 75% threshold. Under the current rate the Exchange forecasts for 2026 to collect closer to 41%. Even with this proposed temporary increase, the forecast only goes up to approximately 60%.[6]

Proposal for January 2, 2026

The Exchange monitors its regulatory costs and revenues at a minimum on a semi-annual basis. If the Exchange determines regulatory revenues exceed or are insufficient to cover a material portion of its regulatory costs in a given year, the Exchange will adjust the ORF by submitting a fee change filing to the Commission. Although the Exchange has been collecting at levels that do not cover a material portion of its regulatory expenses, it has not raised its rate for

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[6] The Exchange is not looking to capture its traditional 75% threshold at this time, since it is contemporaneously submitting a separate rule filing to adopt a new ORF model, effective July 1, 2026 (subject to adoption of a similar model by all options exchanges).

quite some time now but for this proposal.

The Exchange also notifies Members of adjustments to the ORF via an Exchange Notice, including for the change being proposed herein.[7] Based on the Exchange's most recent semi-annual review, the Exchange is proposing to temporarily increase the amount of ORF that will be collected by the Exchange from $0.0001 per contract side to $0.0002 per contract side.[8] The proposed temporary increase is based on the Exchange's estimated projections for its regulatory costs, which projections have increased. Particularly, based on the Exchange's estimated projections for its regulatory costs, the revenue generated by ORF using the current rate, would result in projected revenue that is insufficient to cover a material portion of its regulatory costs (i.e., less than 75% of total annual regulatory costs). Further, when combined with the Exchange's projected other non-ORF regulatory fees and fines, the revenue generated by ORF using the current rate s projected to result in combined revenue that is less than 100% of the Exchange's estimated regulatory costs for the year. As noted above, even with this proposed temporary rate increase, the amount collected by the Exchange will be significantly lower than the 75% threshold. As the Exchange has done in the past, the Exchange will also provide the Commission confidential details regarding the Exchange's projected regulatory revenue, including projected revenue from ORF, along with a breakout of its projected regulatory expenses, including both direct and indirect allocations.

The Exchange will continue to monitor the amount of revenue collected from the ORF to ensure that it, in combination with its other regulatory fees and fines, does not exceed the Exchange's total regulatory costs.

New ORF Model

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7 See Exchange Notice, C2025112601 "Cboe Options Exchange Regulatory Fee Update Effective January 2, 2026."

8 The Exchange proposes to have an automatic sunset of the proposed increased ORF rate on June 30, 2026.

The Exchange appreciates the evolving changes in the markets and regulatory environment and has been evaluating its options while considering industry and regulatory feedback. In light of this, the Exchange has been reviewing its current methodologies and practices for the assessment and collection of ORF. As a result of this review, the Exchange is submitting contemporaneously with this filing another filing that proposes to adopt a modified ORF model that updates the Exchange's process of assessing and collecting ORF, in which model ORF would be assessed to only on-Exchange transactions that clear in the customer range at OCC. Under the proposed modified model, the Exchange expects to continue its current practice that revenue generated from ORF not exceed 75% of total annual regulatory costs. And as is the Exchange's practice today, revenue generated by ORF will not be used for nonregulatory purposes.

To create real ORF reform, moving to a new ORF model that only assesses a fee to transactions that occur on one's own options exchange seems right. However, for a new, modified model to be truly meaningful and fair, a rate limited to transactions on one's own exchange should be adopted by all options exchanges to provide a consistent methodology in assessing and collecting ORF going forward. As set forth in its separate filing that proposes the new, modified ORF model, the Exchange is committed to switching to this new model as soon as a consistent framework has been established with the SEC, adopted by all the options exchanges and necessary regulatory filings submitted. Until that time, the Exchange believes it's fair and reasonable to maintain the temporarily higher rate under the existing model.

In light of the Exchange's pending proposal to revamp ORF, the Exchange proposes to adopt a sunset date of June 30, 2026 for the proposed rate of $0.0002 per contract side, at which point the ORF would revert back to $0.0001 per contract side. The proposed sunset date will provide time for establishment of one new, unified model going forward. The Exchange will endeavor to implement the modified ORF structure prior to the proposed June 30, 2026 sunset date.

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.[9] Specifically, the Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act[10], which provides that Exchange rules may provide for the equitable allocation of reasonable dues, fees, and other charges among its Members and other persons using its facilities. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[11] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes the proposed fee change is reasonable because it would help ensure that revenue collected from the ORF, in combination with other regulatory fees and fines, would help offset, but not exceed, the Exchange's total regulatory costs. As discussed, the Exchange has designed the ORF to generate revenues that would be less than or equal to 75% of the Exchange's regulatory costs, which is consistent with the practice across the options industry and the view of the Commission that regulatory fees be used for regulatory purposes and not to support the Exchange's business side. The Exchange determined to temporarily increase ORF after its semi-annual review of its regulatory costs and regulatory revenues, which includes revenues from ORF and other regulatory fees and fines. When taking into account recent options volume, coupled with the anticipated regulatory fees and anticipated reductions in other regulatory fees, the Exchange believes it's reasonable to increase the ORF on a temporary basis, effective January 2, 2026. Particularly, the proposed change is reasonable as it would offset the anticipated increased regulatory costs, while still not exceeding 75% of the Exchange's total

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9 15 U.S.C. 78f(b).

10 15 U.S.C. 78f(b)(4).

11 15 U.S.C. 78f(b)(5).

regulatory costs. Moreover, the proposed amount is still lower than the amount of ORF assessed on other exchanges.[12]

As noted above, the Exchange will also continue to monitor on at least a semi-annual basis the amount of revenue collected from the ORF, even as amended, to ensure that it, in combination with its other regulatory fees and fines, does not exceed the Exchange's total regulatory costs. If the Exchange determines regulatory revenues would exceed its regulatory costs in a given year, the Exchange will reduce the ORF by submitting a fee change filing to the Commission.[13]

The Exchange also believes the proposed fee change is equitable and not unfairly discriminatory in that it is charged to all Members on all their transactions that clear in the customer range at the OCC. The Exchange believes the ORF ensures fairness by assessing higher fees to those Members that require more Exchange regulatory services based on the amount of customer options business they conduct. Regulating customer trading activity is much more labor intensive and requires greater expenditure of human and technical resources than regulating non-customer trading activity, which tends to be more automated and less labor-intensive. For example, there are costs associated with main office and branch office examinations (e.g., staff and travel expenses), as well as investigations into customer complaints and the terminations of registered persons. As a result, the costs associated with administering the customer component of the Exchange's overall regulatory program are materially higher than the costs associated with administering the non-customer component (e.g., Member proprietary transactions) of its regulatory program.[14] Moreover, the Exchange notes that it has broad regulatory responsibilities

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12 See e.g., NYSE Arca Options Fees and Charges, Options Regulatory Fee ("ORF") and NYSE American Options Fees Schedule, Section VII(A), which provide that ORF is assessed at a rate of $0.0026 per contract side for each respective exchange (effective January 1, 2026).

13 Consistent with Rule 2.2 (Regulatory Revenue), the Exchange notes that should excess ORF revenue be collected prior to any reduction in an ORF rate, such excess revenue will not be used for nonregulatory purposes.

14 If the Exchange changes its method of funding regulation or if circumstances otherwise change in the future, the Exchange may decide to modify the ORF or assess a separate regulatory fee on Member proprietary transactions if the Exchange deems it advisable.

with respect to its Member s' activities, irrespective of where their transactions take place. Many of the Exchange's surveillance programs for customer trading activity may require the Exchange to look at activity across all markets, such as reviews related to position limit violations and manipulation. Indeed, the Exchange cannot effectively review for such conduct without looking at and evaluating activity regardless of where it transpires. In addition to its own surveillance programs, the Exchange also works with other SROs and exchanges on intermarket surveillance related issues. Through its participation in the Intermarket Surveillance Group ("ISG")[15] the Exchange shares information and coordinates inquiries and investigations with other exchanges designed to address potential intermarket manipulation and trading abuses. Accordingly, there is a strong nexus between the ORF and the Exchange's regulatory activities with respect to its Members' customer trading activity.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. This proposal does not create an unnecessary or inappropriate intramarket burden on competition because ORF applies to all customer activity, thereby raising regulatory revenue to offset regulatory expenses. It also supplements the regulatory revenue derived from non-customer activity. The Exchange notes, however, the proposed change is not designed to address any competitive issues. Indeed, this proposal does not create an unnecessary or inappropriate intermarket burden on competition because it is a regulatory fee that supports regulation in furtherance of the purposes of the Act. The Exchange is obligated to ensure that the amount of regulatory revenue collected from the ORF, in combination with its other regulatory fees and fines, does not exceed regulatory costs.

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[15] ISG is an industry organization formed in 1983 to coordinate intermarket surveillance among the SROs by cooperatively sharing regulatory information pursuant to a written agreement between the parties. The goal of the ISG's information sharing is to coordinate regulatory efforts to address potential intermarket trading abuses and manipulations.

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

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

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act[16] and paragraph (f) of Rule 19b-4[17] 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 the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (https://www.sec.gov/rules/sro.shtml); or
- Send an email to rule-comments@sec.gov. Please include file number SR-CboeBZX-2025-168 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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16 15 U.S.C. 78s(b)(3)(A).

17 17 CFR 240.19b-4(f).

All submissions should refer to file number SR-CboeBZX-2025-168. 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-2025-168 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.[18]

Sherry R. Haywood,

Assistant Secretary.

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[18] 17 CFR 200.30-3(a)(12).