



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104459; File No. SR-CboeBZX-2025-167]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Permit the Exchange to Extend the Quote-Only Period

December 18, 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 16, 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 substantially 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

The Exchange is filing with the Commission a proposal to permit the Exchange to extend the Quote-Only Period⁵ where there is a security that is the subject of an initial pricing on the Exchange that has not been listed on a national securities exchange immediately prior to the initial pricing. 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).

⁵ See Exchange Rule 11.23(a)(17).

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.

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 add a new subsection (vi) to Rule 11.23(d)(2)(B) to permit the Exchange to extend the Quote-Only Period where there is a security that is the subject of an initial pricing on the Exchange that has not been listed on a national securities exchange immediately prior to the initial pricing. The proposed ability to extend the Quote-Only Period is substantively identical to capabilities on other exchanges.⁶ The Exchange believes this proposal reinforces the Exchange’s broad discretionary authority over the initial and continued listing of securities.⁷

Exchange Rule 11.23(d)(2) sets forth the IPO and Halt Auction Process. Specifically, Rule 11.23(d)(2)(B) provides that the Quote-Only Period for an IPO Auction⁸ may be extended in five

⁶ See e.g., NYSE American Rule 7.18E(e); Securities and Exchange Commission No. 95945 (September 29, 2022) 87 FR 60428 (October 5, 2022) (SR-NYSEAMER-2022-44) (Self-Regulatory Organizations; NYSE American LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Permit the Exchange to Declare a Regulatory Halt).

⁷ See Exchange Rules 14.2 (Regulatory Authority of Exchange) and 14.6 (Obligations for Companies Listed on the Exchange).

⁸ See Exchange Rule 11.22(l)(2)(B) (defining “IPO Auction”).

specific instances: (i) there are unmatched market orders on the Auction Book⁹ associated with the auction; (ii) the underwriter requests an extension; (iii) where the Indicative Price¹⁰ moves the greater of 10% or fifty (50) cents in the fifteen (15) seconds prior to the auction; (iv) in the event of a technical or systems issue at the Exchange that may impair the ability of Users¹¹ to participate in the IPO Auction or of the Exchange to complete the IPO Auction; or (v) where a Derivative Security¹² fails to meet the Exchange’s listing qualification requirements as set forth in Rule 14.11. Now, the Exchange proposes to adopt Rule 11.23(d)(2)(B)(vi) which would provide that the Quote-Only Period may be extended where there is a security that is the subject of an initial pricing on the Exchange that has not been listed on a national securities exchange immediately prior to the initial pricing.

NYSE American LLC (“NYSE American”) Rule 7.18E(e) states “[t]he Exchange may declare a regulatory halt in a security that is the subject of an initial pricing on the Exchange of a security that has not been listed on a national securities exchange immediately prior to the initial pricing. This regulatory halt will be terminated when the security opens.” This proposal is identical to the NYSE American rule except that the NYSE American rule references a regulatory halt instead of extension of the Quote-Only Period. Additionally, the Exchange is proposing slightly different language than the NYSE American rule to clarify that the rule only references one security. Further, the Exchange is proposing to not include reference to the extension period being terminated when the security opens, as this language is redundant with respect to the Exchange’s rules. While NYSE American’s rule references a regulatory halt and additional language, the Exchange’s approach of extending the Quote-Only Period achieves the same protective purpose through a mechanism that is consistent with the Exchange’s existing auction framework under Rule 11.23(d)(2)(B). Additionally, this proposal is identical to NYSE

⁹ See Exchange Rule 11.23(a)(1) (defining “Auction Book”).

¹⁰ See Exchange Rule 11.23(a)(10) (defining “Indicative Price”).

¹¹ See Exchange Rule 1.5(cc) (defining “Users”).

¹² See Exchange Rule 1.5(dd) (defining “Derivative Security”).

Arca, Inc. (“Arca”) Rule 7.18-E(b)(1)(B)(i)¹³ and Nasdaq Rule 4120(a)(7).¹⁴ Initial pricings of securities without prior exchange listing history can be subject to heightened volatility and uncertainty, particularly where there may be significant public interest or rapidly changing market conditions. This authority complements the existing extension provisions in Rule 11.23(d)(2)(B) and provides an additional safeguard specifically tailored to the unique circumstances of initial pricings.

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 Section 6(b) of the Act.¹⁵ Specifically, the Exchange believes the proposed rule change is consistent with Section 6(b)(5)¹⁶ 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)¹⁷ requirement

¹³ See Arca Rule 7.18-E(b)(1)(B)(i), which provides that “[t]he Exchange may declare a Regulatory Halt in trading for any security for which it is the Primary Listing Market...of a security that is the subject of an initial pricing on the Exchange that has not been listed on a national securities exchange immediately prior to initial pricing (“Initial Listing Regulatory Halt”).” See also Securities and Exchange Commission No. 103476 (July 16, 2025) 90 FR 34314 (July 21, 2025) (SR-NYSEARCA-2025-50) (Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Rule 7.18-E To Effectuate Amendments to Second Restatement of the CTA Plan and the Restated CQ Plan and To Make Confirming Changes to Rules 1.1, 7.11-E, and 7.35-E).

¹⁴ See Nasdaq Rule 4120(a)(7), which provides that “[i]n circumstances in which Nasdaq deems it necessary to protect investors and the public interest, Nasdaq, pursuant to the procedures set forth in paragraph (c)... may halt trading in a security that is the subject of an Initial Public Offering on Nasdaq.”

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(5).

¹⁷ Id.

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 proposed Rule 11.23(d)(2)(B)(vi) will remove impediments to and perfect the mechanism of a free and open market and a national market system by providing the Exchange with necessary operational flexibility to ensure orderly opening auctions for newly listed securities that have not been listed on a national securities exchange immediately prior to the initial pricing. The proposed rule change clarifies the Exchange's broad authority over initial and continued listings, including ETPs subject to an IPO. This authority allows the Exchange to extend the Quote-Only Period when necessary to prevent disorderly openings and ensure that the initial price is established through a fair and transparent process.

The Exchange believes the proposed rule change is consistent with the protection of investors and the public interest because it clarifies the Exchange's broad authority over initial and continued listings, including ETPs subject to an IPO. This authority allows the Exchange to extend the Quote-Only Period when necessary to prevent disorderly openings and ensure that the initial price is established through a fair and transparent process. Initial pricings of securities without prior exchange listing history can be subject to significant public interest or rapidly changing market conditions. This authority complements the existing extension provisions in Rule 11.23(d)(2)(B) and provides an additional safeguard specifically tailored to the unique circumstances of initial pricing.

The Exchange believes the proposed rule change is consistent with the requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers because the proposed extension authority will apply uniformly to all securities that are subject to an initial pricing on the Exchange and have not been listed on a national securities exchange immediately prior to the initial pricing. The Exchange's discretion to extend the Quote-Only Period will be exercised to facilitate the orderly establishment of an

initial price, and all market participants will benefit equally from any additional time provided during an extended Quote-Only Period. The extension mechanism is transparent and consistent with the Exchange's existing auction procedures and discretionary authority under Rule 11.23(d)(2)(B).

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 intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed extension authority will apply uniformly to all securities that are subject to an initial pricing on the Exchange and have not been listed on a national securities exchange immediately prior to the initial pricing. The Exchange's discretion to extend the Quote-Only Period will be exercised to facilitate the orderly establishment of an initial price, and all market participants will benefit equally from any additional time provided during an extended Quote-Only Period. The proposed rule change does not benefit or burden any specific type of market participant, as it applies equally to all Users and their customers participating in IPO Auctions on the Exchange.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change does not affect the ability of other exchanges to conduct opening auctions for their listed securities or the manner in which they choose to manage their auction processes. Market participants on other exchanges are welcome to seek listings on the Exchange if they determine that this proposed rule change has made the Exchange more attractive or favorable as a listing venue.

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 foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁸ and paragraph (f) of Rule 19b-4¹⁹ 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; and (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)(iii) of the Act²⁰ and subparagraph (f)(6) of Rule 19b-4 thereunder.²¹

A proposed rule change filed under Rule 19b-4(f)(6)²² under the Act does not normally become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),²³ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange states that the proposed rule change does not significantly affect the protection of investors or the public interest and will benefit investors and the public interest because the proposal will provide the Exchange with operational flexibility to ensure orderly opening auctions for newly listed securities that have not been listed on a national securities exchange immediately prior to the initial pricing. The Exchange further states that by exercising its discretion to extend the Quote-Only Period during initial pricings, the Exchange will be able to allow additional time for market participants to assess pricing information, submit or modify

¹⁸ 15 U.S.C. 78s(b)(3)(A).

¹⁹ 17 CFR 240.19b-4(f).

²⁰ 15 U.S.C. 78s(b)(3)(A)(iii).

²¹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file 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 Commission has waived the pre-filing requirement.

²² 17 CFR 240.19b-4(f)(6).

²³ 17 CFR 240.19b-4(f)(6)(iii).

orders, and ensure that the opening price is established through a fair and transparent process. The Exchange believes that this discretionary authority is particularly important for securities without prior exchange trading history, where price discovery may require additional time and there is no reference price from prior trading activity.

The Commission believes that waiver of the operative delay could benefit investors by allowing the Exchange additional flexibility to offer more time in connection with initial pricing for securities with no prior exchange listing history. In addition, the proposal does not present any unique or novel regulatory issues because similar functionality is currently in place on other national securities exchanges. Therefore, the Commission believes that waiver of 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.²⁴

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:

²⁴ 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 15 U.S.C. 78c(f).

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-2025-167 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-CboeBZX-2025-167. 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-2025-167 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.²⁵

Sherry R. Haywood,

Assistant Secretary.

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²⁵ 17 CFR 200.30-3(a)(12), (59).