



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104630; File No. SR-C2-2026-002]

Self-Regulatory Organizations; Cboe C2 Exchange, Inc.; Notice of Filing and

Immediate Effectiveness of a Proposed Rule Change to Amend Rule 1.1

(Definitions) to Add New Designation “L” to the Definition of “Capacity”

January 20, 2026.

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 January 5, 2026, Cboe C2 Exchange, Inc. (the “Exchange” or “C2”) 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 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 C2 Exchange, Inc. (“C2” or the “Exchange”) is filing with the Securities and Exchange Commission (“Commission” or “SEC”) a proposed rule change to amend Rule 1.1 (Definitions) to add new designation “L” to the definition of “Capacity”. 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 Commission's website (<https://www.sec.gov/rules/sro.shtml>), the Exchange's website (https://www.cboe.com/us/options/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 1.1 (Definitions) to add a new capacity designation code "L" to the definition of "Capacity."

Currently, Rule 1.1 defines "Capacity" as the capacity in which a User submits an order, which the User specifies by applying the corresponding code to the order. The rule currently includes seven capacity codes: B (broker-dealer), C (Public Customer), F (OCC clearing member firm proprietary), J (joint back office), M (Market-Maker), N (market-maker on another options exchange), and U (Professional). The Exchange now proposes to add capacity code "L," which will be designated "For the account of a non-Trading Permit Holder affiliate of a Clearing Trading Permit Holder as defined and for the purposes described in the Cboe C2 Options Fees Schedule." This new capacity designation will allow the Exchange to identify and apply appropriate fees to orders submitted by non-Trading

Permit Holder affiliates of Clearing Trading Permit Holders, consistent with the fee structure established in the Exchange's fee schedule.⁵

By adopting this capacity designation, C2 will align its capacity codes with those available on Cboe Options, providing consistency between the two exchanges and facilitating operational efficiency for market participants that trade on both platforms.⁶

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.⁷ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁸ 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)⁹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

⁵ The Exchange notes that no change to the C2 Options Fees Schedule is necessary, as the existing non-customer, non-Market-Maker capacity already encompasses non-Trading Permit Holder affiliates of Clearing Trading Permit Holders. See Cboe C2 Options Exchange Fee Schedule.

⁶ The Exchange notes that its FIX specification already provides for this capacity designation; the proposed rule change formalizes the definition in the Exchange's rulebook. See US_Options_FIX_Specification.pdf.

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

⁹ Id.

In particular, the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system by codifying in the Exchange's rulebook a capacity designation that is already supported by the System and included in the Exchange's FIX specification. By formalizing the "L" capacity code, the Exchange will provide clear rule text that enables proper identification and categorization of orders submitted by non-Trading Permit Holder affiliates of Clearing Trading Permit Holders. This capacity designation will enhance transparency and ensure that the Exchange can consistently administer its rules and fee schedule with respect to this category of market participant.

The proposed rule change promotes just and equitable principles of trade by establishing a clear, rule-based definition for a specific category of market participant. This allows for transparent and consistent application of fees and other rules that may apply to such participants. The capacity designation provides clarity to market participants regarding how their orders will be identified and provides that orders of similarly situated market participants are treated consistently.

The proposed rule change does not permit unfair discrimination because the capacity designation will be available to all market participants that meet the criteria of being a non-Trading Permit Holder affiliate of a Clearing Trading Permit Holder. The Exchange will apply the capacity code consistently to all such participants, and any fees or other treatment associated with this capacity will be clearly disclosed in the C2 Options Fees Schedule.¹⁰

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

¹⁰ The Exchange notes that non-Trading Permit Holder affiliates of Clearing Trading Permit Holders are currently treated as non-customer, non-Market-Maker capacity under the C2 Options Fees Schedule; therefore, no fee schedule change is necessary.

of the Act. The proposed rule change does not impose any burden on intramarket competition because it simply adds a new capacity designation that will be available to all market participants that meet the specified criteria. The capacity code itself does not confer any competitive advantage or disadvantage; it merely provides a mechanism for identifying a particular category of market participant for purposes of fee administration and other Exchange rules. Any fees or other treatment associated with this capacity will be established through separate fee filings and will be subject to the requirement that they not be unfairly discriminatory.

The Exchange does not believe the proposed rule change will impose any burden on intermarket competition. The proposed capacity designation is based on Cboe Options' existing Rule 1.1 and therefore brings C2 into alignment with another options exchange rather than creating a competitive disparity. Market participants on other exchanges are welcome to become Trading Permit Holders and trade at C2 if they determine that this proposed rule change has made C2 more attractive or favorable. Moreover, the capacity designation is an internal categorization mechanism that does not affect the ability of market participants on other exchanges to compete.

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 designated this rule filing as non-controversial under Section 19(b)(3)(A)¹¹ of the Act and Rule 19b-4(f)(6)¹² thereunder. Because the proposed rule change does not (i) significantly affect the protection of investors or the public interest; (ii)

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(6).

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) of the Act¹³ and Rule 19b-4(f)(6) thereunder.¹⁴

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act¹⁵ normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)¹⁶ 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 so that it may immediately implement a capacity designation that is already supported by the Exchange's FIX specification, providing clarity to market participants without delay. The Commission believes that the proposed rule change raises no novel issues and that waiver of the operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the operative delay and designates the proposal operative upon filing.¹⁷

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 under Section

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization 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.

¹⁵ 17 CFR 240.19b-4(f)(6).

¹⁶ 17 CFR 240.19b-4(f)(6)(iii).

¹⁷ 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).

19(b)(2)(B)¹⁸ of the Act 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-C2-2026-002 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-C2-2026-002. 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-C2-2026-002 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.¹⁹

Sherry R. Haywood,
Assistant Secretary.

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¹⁹ 17 CFR 200.30-3(a)(12).