



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104970; File No. SR-CboeBZX-2026-005]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Order Granting Approval of a Proposed Rule Change to Amend Exchange Rule 14.12

March 11, 2026.

I. Introduction

On January 29, 2026, Cboe BZX Exchange, Inc. (“Exchange” or “BZX”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to amend Exchange Rule 14.12 (Failure to Meet Listing Standards) to authorize the Listing Qualifications Department (“Exchange Staff”) to grant an issuer of a security listed or applying to list on the Exchange (“Company”) an additional 180-day compliance period for deficiencies related to the beneficial holder continued listing requirement that require submission of a Plan of Compliance under Rule 14.12(f).³ The Commission has received two comments on the proposal.⁴ As discussed further below, this order approves the proposed rule change.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 104744 (January 29, 2026), 91 FR 4990 (February 3, 2026) (“Notice”). See also Exchange Rule 14.12(b)(7) (defining “Listing Qualifications Department”); Exchange Rule 14.1(a)(3) (defining “Company” as the issuer of a security listed or applying to list on the Exchange, includes an issuer that is not incorporated, such as, for example, a limited partnership). The “beneficial holders” continued listing requirement refers to the record and/or beneficial holders requirement. See Exchange Rules 14.11(b)(9)(B)(i)(a), 14.11(c)(9)(B)(i)(a), 14.11(e)(4)(I)(i), 14.11(e)(5)(E)(ii)(a), 14.11(e)(6)(E)(ii)(a), 14.11(e)(7)(E)(ii)(a), 14.11(e)(8)(D)(ii)(a), 14.11(e)(9)(D)(ii)(a)(1), 14.11(e)(10)(E)(ii)(d)(1), 14.11(f)(2)(D)(ii)(a), 14.11(f)(4)(C)(ii)(a), 14.11(i)(4)(B)(iii)(a), 14.11(k)(4)(B)(ii)(a), 14.11(l)(4)(B)(i)(c), 14.11(m)(4)(B)(iv)(a), and 14.11(n)(4)(B)(i)(c).

⁴ See Letter to Vanessa Countryman, Secretary, Commission, from Kevin Ehrlich, Managing Director, Asset Management Group of the Securities Industry and Financial Markets Association, dated February 24, 2026 (“SIFMA Letter”) and Letter to Vanessa Countryman, Secretary, Commission, from Stuart S. Parker, President, PGIM Investments LLC, dated February 24, 2026 (“PGIM Letter”). Comments received on the proposed rule change are available at <https://www.sec.gov/rules-regulations/public-comments/sr-cboebzx-2026-005>.

II. Description of the Proposal

As described in greater detail in the Notice, Exchange Rule 14.12 generally governs the procedures for the independent review, suspension, and delisting of Companies that fail to satisfy one or more standards for initial or continued listing on the Exchange.⁵ When Exchange Staff determines that a Company does not meet a listing standard, including the beneficial holder continued listing requirement, Exchange Staff will immediately notify the Company of the deficiency; and, unless the Company is currently under review by an Adjudicatory Body for an Exchange Staff Delisting Determination, Exchange Staff may accept and review a plan to regain compliance (a “Company Compliance Plan”).⁶ Upon review of a Company Compliance Plan, the Exchange may grant an extension of time to regain compliance not greater than 180 calendar days from the date of Exchange Staff’s initial notification.⁷

The Exchange proposed to adopt new Exchange Rule 14.12(f)(2)(B)(ii) to permit Exchange Staff to grant an additional cure period of 180 calendar days for deficiencies related to the beneficial holders continued listing requirement, with such total cure period not to exceed a total of 360 calendar days from the date of the Exchange’s initial notification.⁸ The proposed rule change applies to all exchange-traded products (“ETPs” or “products”) eligible to list pursuant to Exchange Rule 14.11, and any issuer that demonstrates quantifiable progress toward compliance with the beneficial holder requirement during the initial 180-day compliance period may be granted the additional time at Exchange Staff’s discretion.⁹

⁵ See Notice at 4990-91.

⁶ See id. at 4991.

⁷ See id.

⁸ See id. A Company currently under review by an Adjudicatory Body for an Exchange Staff Delisting Determination will not be eligible for this additional extension. If Exchange Staff grants an extension, it will inform the Company in writing of the basis for granting the extension and the terms of the extension. See id.

⁹ See id.

III. Discussion, Comments, and Commission Findings

The Exchange states that, given that the beneficial holder requirement is a quantifiable standard, Exchange Staff can readily assess whether a product is nearing compliance by reviewing periodic beneficial holder counts and determining whether the product has shown measurable improvement, and may consider whether the beneficial holder count has increased by a meaningful percentage during the initial compliance period, whether the rate of holder accumulation is accelerating, or whether the product has achieved a threshold number of holders indicating that compliance is likely within the extended period.¹⁰ The Exchange states that this discretionary approach ensures that the additional 180 days is granted only to products demonstrating genuine progress toward compliance.¹¹

While the proposed rule change applies uniformly to all products, the Exchange states that certain products – for example, “Outcome Strategy ETPs” – may face unique challenges in achieving beneficial holder requirements within the initial 180-day timeframe, particularly where a tranche of funds that seeks to achieve its investment objective through a laddered portfolio of the fund’s investment in multiple underlying ETFs that have outcome period expiration dates which occur on a rolling, or staggered, basis and where each tranche represents a different starting point within the same overall strategy.¹² The Exchange believes that the threat of delisting to a single tranche of such a series impairs the fund manager’s ability to distribute and maintain the entire series and, unlike ETPs where one product’s delisting does not affect other products, laddered portfolios are marketed, distributed, and understood by investors as complete series.¹³ The Exchange states that an incomplete series may cause market participants to abandon the entire product resulting in asset outflows and beneficial holder reductions across all

¹⁰ See id.

¹¹ See id.

¹² See id. The Exchange defines Outcome Strategy ETPs as multiple ETPs listed by an issuer that are each designed to provide (i) a pre-defined set of returns; (ii) over a specified outcome period; (iii) based on the performance of the same underlying instruments; and (iv) each employ the same outcome strategy for achieving the pre-defined set of returns.

¹³ See id.

tranches, including those in full compliance with listing standards.¹⁴ The Exchange states that many investors in Outcome Strategy ETFs roll assets into the next “front-month” or near-dated tranche as their current holdings approach expiration, and near-term tranches may accumulate assets and beneficial holders while tranches further from expiration tend to see less interest, fewer assets, and fewer beneficial holders.¹⁵ Thus, tranches farther from expiration may temporarily fall below the beneficial holder threshold during their early life, but cure as they become front-month tranches and attract rolling assets from maturing positions.¹⁶ The Exchange states that the initial 180-day timeframe may be insufficient for a newly-launched or back-dated tranche to progress through this natural maturation cycle and benefit from the rolling behavior that drives holder accumulation.¹⁷

The Exchange states that the proposed extended compliance period provides issuers with sufficient time to implement comprehensive remediation strategies that stabilize integrated product series, protecting the interests of holders across all tranches and preventing unnecessary market disruption.¹⁸ The Exchange states that the extended compliance period can apply to any product where premature delisting based on temporary beneficial holder deficiencies could harm investors when the issuer is making measurable progress toward compliance.¹⁹ The Exchange further states that a 180-day compliance period may be insufficient in certain circumstances where issuers are making genuine progress toward compliance but require additional time to achieve the listing standard due to product-specific characteristics, market conditions, or other factors affecting beneficial holder accumulation; and that the additional cure period provides

¹⁴ See id.

¹⁵ See id.

¹⁶ See id.

¹⁷ See id.

¹⁸ See id. at 4993.

¹⁹ See id.

appropriate flexibility to prevent premature delistings of products that are demonstrably moving toward compliance.²⁰

The Commission received two comment letters, both supporting the proposed rule change.²¹ One commenter acknowledged that it can be challenging for new funds to develop a broad shareholder base, and stating that the additional compliance period would not be an automatic or indefinite extension of the compliance period, but instead permits the Exchange to take into account tangible progress toward meeting the beneficial holder requirement.²² Another commenter stated that the proposed rule change provides a measured and appropriate degree of flexibility for issuers that are making demonstrable progress toward regaining compliance while maintaining the integrity of existing standards, reduces the risk of unnecessary or premature delistings, promotes orderly markets and mitigates potential disruption to investors without weakening investor protections.²³ One commenter specifically states that some laddered strategies utilize a tranche of ETFs, which each have their own unique date parameters, and the dynamics and timing of such strategies have implications for beneficial shareholder activity as the strategy goes through its expected life cycle.²⁴ The commenter additionally states that later-dated ETFs are a part of the overall strategy, but would not be expected to attract assets in the same way as stand-alone products.²⁵

The Exchange also states that NYSE Arca rules do not explicitly set forth the parameters of its staff review of a compliance plan and that NYSE Arca's internal policies provide NYSE

²⁰ See id. at 4991 and 4992-93. The Exchange also states that the minimum beneficial holder requirement itself remains unchanged at 50 beneficial holders, and all other continued listing standards continue to apply without modification. See id. at 4992-93. The Exchange further states that companies currently under review by an Adjudicatory Body for an Exchange Staff Delisting Determination are ineligible for the additional extension, ensuring that the extended compliance period is not used to indefinitely delay delisting proceedings. See id.

²¹ See SIFMA Letter and PGIM Letter.

²² See SIFMA Letter at 1-2.

²³ See PGIM Letter at 2.

²⁴ See SIFMA Letter at 2.

²⁵ See id. at 2.

Arca staff with discretion in determining how to handle failures to meet continued listing standards,²⁶ and that the Exchange's proposed rule change would better align its rules with NYSE Arca.²⁷ The Exchange states that, without the proposed rule change, issuers – and particularly those of ETPs with unique structural characteristics – might favor listing on other exchanges that provide greater flexibility in compliance timeframes, which could disadvantage the Exchange and reduce competition among listing venues.²⁸

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.²⁹ In particular, the Commission finds that the proposed rule change is consistent with Sections 6(b)(5) of the Act which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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; and not be designed to permit unfair discrimination between customers, issuers, brokers or dealers.³⁰ The Exchange will grant the extended 180-day compliance period based on whether issuers are making genuine progress toward compliance, and such extensions can minimize the likelihood of market disruptions while maintaining meaningful compliance pressure through Exchange Staff's ongoing review of beneficial holder trends. Additionally, discretion in extending the compliance period beyond the initial 180 days already exists on another exchange. For these reasons, the Commission finds that the proposed rule change is consistent with the requirements of the Act.

²⁶ See Notice at 4991-92 (citing 2025_NYSE_Arca_Listed_ETP_Compliance_Guidance_Letter.pdf which states that NYSE Arca staff will conduct its own review and make a determination on how to proceed with non-compliance with continued listing standards).

²⁷ See *id.* at 4992.

²⁸ See *id.* at 4993-94.

²⁹ 15 U.S.C. 78f(b). In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

³⁰ 15 U.S.C. 78f(b)(5).

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act³¹ that the proposed rule change (SR-CboeBZX-2026-005) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³²

Vanessa A. Countryman,

Secretary.

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³¹ 15 U.S.C. 78s(b)(2).

³² 17 CFR 200.30-3(a)(12).