8011-01P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105052; File No. SR-CboeEDGX-2025-072]

Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 3 and 4, to Modify EDGX Rule 11.21 to Adopt a Retail Price Improvement Program and Modify EDGX Rule 11.6(e)(2) and EDGX Rule 11.10(a)(4)(C) – (D) in Order to Describe the Behavior of Orders Containing a Non-Displayed Instruction; and Order Granting Limited Exemption pursuant to Rule 612(d) of Regulation NMS

March 19, 2026.

I.   Introduction

On September 30, 2025, Cboe EDGX Exchange, Inc. (the "Exchange" or "EDGX") 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 modify Rule 11.21 to adopt a Retail Price Improvement program ("Retail Price Improvement Program" or "Program"). The Exchange also proposes to modify Rule 11.6(e)(2) and Rule 11.10(a)(4)(C) – (D) in order to describe the behavior of orders containing a "Non-Displayed" instruction. The proposed rule change was published for comment in the Federal Register on October 3, 2025.[3] On November 3, 2025, pursuant to Section 19(b)(2) of the Act,[4] the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove

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

[2]   17 CFR 240.19b-4.

[3]   See Securities Exchange Act Release No. 104153 (Sept. 30, 2025), 90 FR 48098 (Oct. 3, 2025).

[4]   15 U.S.C. 78s(b)(2).

the proposed rule change.[5] On December 19, 2025, the Commission instituted proceedings

pursuant to Section 19(b)(2)(B) of the Act,[6] to determine whether to approve or disapprove the

proposed rule change.[7] On December 22, 2025, the Exchange filed Amendment No. 1 to the

proposed rule change. On January 8, 2026, the Exchange withdrew Amendment No. 1 and filed

Amendment No. 2 to the proposed rule change. On January 12, 2026, the Exchange withdrew

Amendment No. 2 and filed Amendment No. 3 to the proposed rule change.[8] On January 15,

2026, the Commission published notice of Amendment No. 3.[9] The Commission has not

received any comments on the proposed rule change. On January 29, 2026, the Exchange filed

Amendment No. 4 to the proposed rule change.[10] In connection with the proposed rule change,

the Exchange requests exemptive relief from Rule 612 of Regulation NMS, [11] which establishes

the minimum pricing increments for NMS stocks ("Sub-Penny Rule").[12] This order approves the

proposed rule change as modified by Amendment Nos. 3 and 4, and grants the Exchange limited

exemptive relief pursuant to Rule 612(d) of Regulation NMS.[13]

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[5]   See Securities Exchange Act Release No. 104173 (Nov. 3, 2025), 90 FR 51424 (Nov. 17, 2025). The Commission designated January 1, 2026, as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

[6]   15 U.S.C.78s(b)(2)(B).

[7]   See Securities Exchange Act Release No. 104470 (Dec. 19, 2025), 90 FR 60784 (Dec. 29, 2025). April 1, 2026, is the date by which the Commission shall issue an order approving, disapproving, or extending the period for not more than 60 days. See 15 U.S.C. 78s(b)(2)(B)(ii).

[8]   The full text of Amendment No. 3 is available on the Commission's website at: https://www.sec.gov/comments/sr-cboeedgx-2025-072/srcboeedgx2025072-690827-2158314.pdf.

[9]   See Securities Exchange Act Release No. 104620 (Jan.15, 2026), 91 FR 2568 (Jan. 21, 2026). ("Notice of Amendment No. 3").

[10]   Amendment No. 4 is a partial amendment that updated the proposal to reflect the Commission's approval of a proposed rule change (SR-CboeEDGX-2025-035) that also amended the Exchange's Rule 11.21. See Securities Exchange Act Release No. 104705 (Jan. 28, 2026), 91 FR 4650 (Feb. 2, 2026) ("EDGX Retail Order Definition Approval"). Because Amendment No. 4 is a technical amendment that does not materially alter the substance of the proposal or raise unique or novel regulatory issues, the amendment is not subject to notice or comment. The full text of Amendment No. 4 is available on the Commission's website at srcboeedgx2025072-699747-2194994.pdf ("Amendment No. 4").

[11]   See Letter from Courtney Smith, Senior Counsel, Cboe Global Markets – North American Equities to Vanessa Countryman, Secretary, Commission (Mar. 11, 2026) ("Exemption Request").

[12]   17 CFR 242.612 ("Rule 612"). Among other things, Rule 612 of Regulation NMS prohibits a national securities exchange from accepting or ranking orders priced greater than $1.00 per share in an increment smaller than either $0.01 or $0.005, depending on the Time Weighted Average Quoted Spread the stock. Rule 612(b)(2). "Time Weighted Average Quoted Spread" is defined in Rule 612(a)(2).

[13]   17 CFR 242.612(d).

II.   Description of the Proposal

Currently under EDGX Rule 11.21, an Exchange Member[14] that qualifies as a Retail
Member Organization ("RMO")[15] is eligible to submit certain agency, principal, or riskless
principal orders that reflect the trading interest of a natural person with a "Retail Order"[16]
modifier, and designate that such orders be identified as such on the EDGX Book Feed.[17] The
Exchange also offers order allocation priority to Retail Orders that qualify as Retail Priority
Orders.[18] The Exchange now proposes to amend EDGX Rule 11.21 to establish a Retail Price
Improvement Program that is structured similarly to the programs currently in place at its
affiliated exchange, Cboe BYX, Inc. ("BYX"), as well as the retail liquidity programs of other
competitor exchanges (collectively, with the BYX program, "RLPs"),[19] with certain differences
that the Exchange states will make its Program a unique offering for retail order flow.[20] Namely,
under the proposed Program: (1) Retail Orders may be entered with a time-in-force other than
immediate-or-cancel ("IOC"),[21] and may post to the EDGX Book or route to away trading

14   See EDGX Rule 1.5(n) (defining "Member" to mean any registered broker or dealer that has been admitted
      to membership in the Exchange).

15   See EDGX Rule 11.21(a)(1) (defining RMO to mean a Member (or a division thereof) that has been
      approved by the Exchange under EDGX Rule 11.21 to submit Retail Orders).

16   Pursuant to EDGX Rule 11.21(a)(2), a Retail Order is an agency order, principal order (subject to the
      requirements of current EDGX Rule 11.21(g)), or riskless principal order that meets the criteria of
      Financial Industry Regulatory Authority, Inc. ("FINRA") Rule 5320.03 that originates from a natural
      person and is submitted to the Exchange by an RMO, provided that no change is made to the terms of the
      order with respect to price or side of market and the order does not originate from a trading algorithm or
      any other computerized methodology. A Retail Order entered principally must also satisfy the requirements
      in current EDGX Rule 11.21(g). See EDGX Rule 11.21(a)(2); see also Amendment No. 4.

17   EDGX Rule 11.21; see also EDGX Rule 13.8 (describing the "EDGX Book Feeds"); Notice of Amendment
      No. 3 at 2569 -70 (describing the Exchange's current offerings for Retail Orders, including pricing
      incentives and rebates).

18   EDGX Rule 11.9; Notice of Amendment No. 3 at 2569. Pursuant to EDGX Rule 11.9, Interpretation .01, a
      Retail Priority Order is defined as a Retail Order that is entered on behalf of a person that does not place
      more than 390 equity orders per day on average during a calendar month for its own beneficial account(s).

19   EDGX states that its Program is structured similarly to the RLPs of BYX, New York Stock Exchange LLC
      ("NYSE"), NYSE National, Inc. ("NYSE National"), Nasdaq BX, Inc. ("Nasdaq BX") and Investors
      Exchange LLC ("IEX"). See Notice of Amendment No. 3 at 2569, 2573.

20   See Notice of Amendment No. 3 at 2569-70.

21   Pursuant to EDGX Rule 11.6(q)(1) IOC means, an instruction the User may attach to an order stating the
      order is to be executed in whole or in part as soon as such order is received. The portion not executed
      immediately on the Exchange or another trading center is treated as cancelled and is not posted to the
      EDGX Book. An order with an IOC instruction that does not include a Book Only instruction and that

centers pursuant to User instructions; (2) Retail Price Improvement Orders[22] will only be eligible to execute against incoming Retail Orders and will not be eligible to remove resting Retail Orders from the EDGX Book; and (3) Users may enter a Retail Price Improvement Order as a MidPoint Peg Order.[23] The Exchange also proposes to modify Rules 11.6(e)(2) and 11.10(a)(4)(C) – (D) in order to describe the operation of orders entered with a "Non-Displayed" instruction.[24]

A.   Retail Price Improvement Program

Types of Orders and Identifier

In connection with the Program, the Exchange proposes a new order type, the RPI Order. An RPI Order will be non-displayed interest on the Exchange that is identified as such in a manner prescribed by the Exchange and is only eligible to interact with incoming Retail Orders. An RPI Order may be entered as a limit order in a sub-penny increment with an explicit price, as a MidPoint Peg Order ("RPI MidPoint Peg Order"), or as a Primary Pegged Order ("RPI Primary Pegged Order").[25] To be executable, an RPI Order must be priced at least $0.001 better than the

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cannot be executed in accordance with EDGX Rule 11.10(a)(4) on the System when reaching the Exchange will be eligible for routing away pursuant to EDGX Rule 11.11. "User" is defined in EDGX Rule 1.5(e)(e); "System" is defined in EDGX Rule 1.5(c)(c).

[22]   Proposed EDGX Rule 11.21(a) (defining "Retail Price Improvement Orders" or "RPI Orders"); infra Section II.A (describing the proposed order type).

[23]   Notice of Amendment No. 3 at 2569. "MidPoint Peg Order" is defined in EDGX Rule 11.8(d). Additionally, the BYX RLP offers an "Enhanced RPI Order" type; is available in securities priced below $1.00, in addition to securities priced at or above $1.00; does not offer a MidPoint Peg RPI Order (discussed infra); requires Retail Orders to be IOC, and permits RPI Orders to execute upon entry. See Exemption Request at 2, n.5; Amendment No. 3 at 2570; BYX Rule 11.24. Similar to certain other RLPs (see, e.g., NYSE Rule 7.44; NYSE National Rule 7.44) the Program will be limited to trades occurring at prices equal to or greater than $1.00 per share. Proposed EDGX Rule 11.21(i).

[24]   Notice of Amendment No. 3 at 2569; see also EDGX Rule 11.6(e)(2) (describing the Exchange's Non-Displayed instruction).

[25]   Proposed EDGX Rule 11.21(a)(3); Notice of Amendment No. 3 at 2570. An RPI Primary Pegged Order must be entered with a positive (for buy orders) or negative (for sell orders) offset ("Offset Amount"). The ranked price of an RPI Primary Pegged Order is the price that results after application of the Offset Amount, and the Offset Amount may be entered in pricing increments of $0.001. Neither an RPI MidPoint Peg Order, nor an RPI Primary Pegged Order will execute during a locked market. Id.

Protected NBB[26] or Protected NBO.[27] Any User may enter an RPI Order.[28]

While the definition of Retail Order will generally remain the same as the existing Retail Order definition, it will now specify that a Retail Order will operate in accordance with new paragraph (f) of Rule 11.21, which provides that an RMO can designate a Retail Order as Type 1 or Type 2,[29] which will dictate how it will interact with available contra-side RPI Orders and other interest, as well as whether it is eligible for routing. A Type 1-designated Retail Order must be marked IOC and is eligible to interact only with available contra-side RPI Orders and other price-improving liquidity. It will not interact with non-price-improving, contra-side interest or route to other markets. Portions of a Type 1-designated Retail Order that are not executed will be immediately and automatically cancelled. A Type 2-designated Retail Order will be executed, posted to the EDGX Book, or cancelled, according to the User's instructions. A Type 2-designated Retail Order will be ineligible to interact with an RPI Order that is not priced better than the Protected NBB or Protected NBO, and may be submitted as an EDGX only order or as eligible for routing pursuant to EDGX Rule 11.21. As is the case today on EDGX, and consistent with other exchange RLPs,[30] only RMOs may enter Retail Orders.[31]

Similar to BYX's RLP, the Exchange will disseminate an identifier through the proprietary data feeds or as appropriate through the Consolidated Quotation System, when an

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[26]   EDGX Rule 1.5(u) defines Protected NBB as the national best bid that is a Protected Quotation. EDGX Rule 1.5(v) defines Protected Bid and Protected Offer as a bid or offer in a stock that is (i) displayed by an automated trading center; (ii) disseminated pursuant to an effective national market system plan; and (iii) an automated quotation that is the best bid or best offer of a national securities exchange or association; and Protected Quotation as a quotation that is a Protected Bid or Protected Offer.

[27]   EDGX Rule 1.5(u) defines Protected NBO as the national best offer that is a Protected Quotation.

[28]   Notice of Amendment No. 3 at 2570.

[29]   Proposed EDGX Rule 11.21(f)(1) and (2); Notice of Amendment No. 3 at 2572.

[30]   See, e.g., BYX Rule 11.24; NYSE Rule 7.44.

[31]   See EDGX Rule 11.21(a)(2); proposed EDGX Rule 11.21(a)(2). The Exchange is not proposing any changes to its process for RMO application, qualification, disapproval and disqualification, other than to: update a cross reference in EDGX Rule 11.21(b)(6); to change the name of the panel that reviews appeals of Exchange decisions related to RMO status from "Retail Attribution Panel" to "RPI Panel"; and to state that the two officers of the Exchange on the Panel shall be designated by the Chief Operating Officer, rather than the Chief Information Officer. See EDGX Rule 11.21(b); proposed EDGX Rule 11.21(b)(6), (d)(2); Notice of Amendment No. 3 at 2571, 2576; Amendment No. 4.

RPI Order with a ranked price at least $0.001 better than the Protected NBB or Protected NBO for a particular security is available in the System ("Retail Liquidity Identifier").[32] The Retail Liquidity Identifier would reflect the symbol and the side (buy or sell) of the RPI Order, but it would not include the price or size. Like BYX's RLP,[33] the Retail Liquidity Identifier will only be disseminated when an RPI Order has a ranked price better than the Protected NBB or Protected NBO and will not be disseminated if the price of the Protected NBB or Protected NBO moves such that the ranked price of the RPI Order is no longer priced higher than the Protected NBB or lower than the Protected NBO.

Priority

Proposed EDGX Rule 11.21(g) sets forth the rules governing priority under the Program. Specifically, RPI Orders in the same security shall be ranked according to price then time of entry into the System, pursuant to EDGX Rule 11.9, and executions shall occur in price/time priority, in accordance with EDGX Rule 11.9. Any remaining unexecuted portion of an RPI Order will remain available to interact with other incoming Retail Orders.[34] The System will monitor whether RPI Orders, adjusted by any Offset Amount and subject to the order's limit price, are eligible to interact with incoming Retail Orders.[35]

Comparison to Other Retail Programs

In Notice of Amendment No. 3,[36] the Exchange discusses how its Program compares to, among others, the RLPs of BYX, NYSE, NYSE National, IEX, and Nasdaq BX.[37] The Exchange

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[32]   See Proposed EDGX Rule 11.21(e); Notice of Amendment No. 3 at 2571-72; see also BYX Rule 11.24; NYSE Rule 7.44.

[33]   See BYX Rule 11.24.

[34]   See Notice of Amendment No. 3 at 2570-2574.

[35]   See Proposed EDGX Rule 11.21(a)(3).

[36]   See Notice of Amendment No. 3 at 2569, 2573, 2575.

[37]   See, e.g., Securities Exchange Act Release Nos. 68303 (November 27, 2012), 77 FR 71652 (December 3, 2012), ("BYX RLP Pilot Approval Order"); 87154 (September 30, 2019), 84 FR 53183 (October 4, 2019) ("BYX RLP Permanent Approval Order"); 85160 (February 15, 2019), 84 FR 5754 (February 22, 2019) (approving NYSE's RLP on a permanent basis); 96169 (Aug. 18, 2023) 88 FR 57508 (Aug. 23, 2023) (notice of filing and immediate effectiveness of a proposed rule change to establish NYSE National's

highlights the substantive differences between several features of its proposed Program and the programs of the other exchanges.[38] Among other things, the Exchange explains that its Program would provide that:

- Retail Orders may be entered with a time-in-force other than IOC, and therefore may post to the EDGX Book or route to away trading centers pursuant to User instructions;[39]

- RPI Orders will only be eligible to execute against incoming Retail Orders and will not be eligible to remove resting Retail Orders from the EDGX Book;[40] and

- Users may enter an RPI Order in pricing increments of $0.001 or as a MidPoint Peg Order.[41]

B.   Orders with a Non-Displayed Instruction

The Exchange currently permits orders to be entered with a Non-Displayed instruction ("Non-Displayed Order").[42] In addition to proposing to add a Retail Price Improvement Program, the Exchange also proposes amendments to EDGX Rules 11.6 and 11.10 describing the behavior of orders with a Non-Displayed instruction on the Exchange.[43] Specifically, the Exchange states

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RLP); 86619 (Aug. 9, 2019), 84 FR 41769 (Aug. 15, 2019) (approving IEX's midpoint RLP); 86194 (June 25, 2019), 84 FR 31385 (July 1, 2019) (approving Nasdaq BX's RLP on a permanent basis).

[38]   See Notice of Amendment No. 3 at 2569, 2573, 2575.

[39]   See Notice of Amendment No. 3 at 2570-71, 2572-73, 2576. The Exchange states that allowing Retail Orders to be entered with any time-in-force instruction rather than limiting the time-in-force to IOC will provide for additional execution opportunities for Retail Orders and will create a deeper pool of liquidity on the Exchange, which provides for greater execution opportunities for all Users and provides for overall enhanced price discovery and price improvement opportunities on the Exchange. Id. at 2573.

[40]   See Notice of Amendment No. 3 at 2570-71, 2573. The Exchange states that since Retail Orders under the EDGX RPI Program would be permitted to have a time-in-force that permits them to post to the EDGX Book or route to away markets, the Exchange believes that not allowing RPI Orders to remove liquidity upon arrival, but rather requiring RPI Orders to post to the EDGX Book would deepen the Exchange's pool of available liquidity, which provides greater execution opportunities on the Exchange, particularly for Retail Orders. Id. at 2571.

[41]   See Notice of Amendment No. 3 at 2570, 2573.75. The Exchange states that its proposal to permit an RPI Order to be entered in pricing increments of $0.001 or as an RPI MidPoint Peg Order provides Users the appropriate balance in having the ability to control how much price improvement is offered to contra-side Retail Orders while also having more certainty and control over its order flow. Id. at 2575. In Notice of Amendment No. 3, the Exchange also provides examples of how each these proposed features would operate.

[42]   EDGX Rule 11.6.

[43]   Proposed EDGX Rules 11.6 and 11.10. The proposed changes to these rules are discussed in more detail, including examples, in Notice of Amendment No. 3. See Notice of Amendment No. 3 at 2571, 2573-2574.

that the proposed rule change more accurately describes the price at which a Non-Displayed

Order posts to the EDGX Book, and at what price a Non-Displayed Order may execute in certain

situations.[44] Among other things, the proposed rule change specifies the price at which a Non-

Displayed Order is posted and ranked on the EDGX Book in the event that it is not immediately

executed (because such execution would trade through a Protected Quotation, or otherwise as a

result of User instructions), including how orders with Post Only[45] and price slide instructions

will be handled. For example, the Exchange describes the circumstances under which a later

arriving Non-Displayed Order may gain execution priority over a resting Non-Displayed Order

as a result of the resting order's User instructions. The proposed rule change is also designed to

better describe the execution of Non-Displayed Orders when the EDGX Book is locked,

including the execution price of orders on the EDGX Book under certain related circumstances.

III.   Discussion and Commission Findings

After careful consideration, the Commission finds that the proposed rule change, as

modified by Amendment Nos. 3 and 4, is consistent with the requirements of the Act and the

rules and regulations thereunder applicable to a national securities exchange.[46] In particular, the

Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,[47]

which requires that an exchange have rules designed to, among other things, promote just and

equitable principles of trade, remove impediments to and perfect the mechanism of a free and

open market and a national market system and, in general, protect investors and the public

interest, and that are not designed to permit unfair discrimination between customers, issuers,

brokers, or dealers.

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[44]   See Notice of Amendment No. 3 at 2573.

[45]   EDGX Rule 11.6(n)(4) describes EDGX's Post Only instruction.

[46]   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).

[47]   15 U.S.C. 78f(b)(5).

The Exchange currently operates a process by which Members can qualify to become RMOs, thereby permissioning them to submit Retail Orders to the Exchange.[48] Under EDGX's proposed Program, RMOs will continue to be eligible to submit Retail Orders. Any User could submit liquidity-providing RPI Orders, which will be orders that are only eligible to execute against Retail Orders, and only at a price that is at least $0.001 better than the Protected NBB or Protected NBO. Retail Orders would be able to execute against the proposed RPI Orders, as well as certain other orders on the Exchange's order book as specified in proposed EDGX Rule 11.21(f).

The Exchange's proposed Program differs in several respects from the RLPs operated by certain other national securities exchanges and, thus, does not present all of the same issues raised by those programs. EDGX provided a fulsome discussion of the distinctions between its proposed Program and the programs operated by other exchanges.[49] In particular, the Exchange discussed how it will: (1) permit Retail Orders to be entered with any time-in-force and not be limited to a time-in-force of IOC; (2) not permit an RPI Order to execute immediately against resting Retail Orders upon entry; and (3) permit an RPI Order to be entered in pricing increments of $0.001 or as an RPI MidPoint Peg Order.

The Exchange states that, while the proposed Program will function similarly to the RLPs of other exchanges, these differences "will make [the Program] a unique offering for retail order flow."[50] First, the Exchange explains the proposal to permit Retail Orders to be entered with any time-in-force provides an RMO submitting orders on behalf of retail customers additional control over how its Retail Orders will interact with liquidity resting on the EDGX Book.[51] Further,

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[48]   Supra notes 16-18 and accompany text (discussing the Exchange's current offerings for Retail Orders).

[49]   See supra notes 36-41 and accompanying text (discussing differences between the EDGX proposal and the RLPs of other exchanges).

[50]   Notice of Amendment No. 3 at 2570.

[51]   See Notice of Amendment No. 3 at 2576. The Exchange states that it views the ability to enter Retail Orders with any time-in-force an important feature that benefits retail investors by increasing both the likelihood and speed with which their non-marketable Retail Orders are executed. See id.

according to the Exchange, the proposed RPI Order behavior that does not permit an RPI Order to execute immediately against resting Retail Orders upon entry will provide an additional, optional order type that provides liquidity providers greater control over its contra-side execution.[52] Any liquidity provider may utilize the proposed RPI Order as part of its investment strategy.[53] According to the Exchange, liquidity providers who choose this order type may forego immediate executions in exchange for the "strong likelihood" of executing against an incoming, contra-side Retail Order.[54] Finally, according to the Exchange, its proposal to permit an RPI Order to be entered in pricing increments of $0.001 or as an RPI MidPoint Peg Order provides a User the ability to control how much price improvement is offered to contra-side Retail Orders while also having more certainty and control over its order flow.[55]

The Exchange states that these distinctions will provide RMOs with the ability to submit Retail Orders to the Exchange with a chance at receiving additional price improvement compared to what is already available on the Exchange.[56] The Exchange further states that the introduction of the program would "deepen the Exchange's pool of available liquidity, increase marketable retail order flow to the Exchange and provide additional competition for marketable retail order flow, most of which is currently executed off-exchange in the [over-the-counter] markets."

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[52]   See Notice of Amendment No. 3 at 2575.

[53]   See id. The Exchange states that while the proposed RPI Order is limited to executing only with incoming contra-side Retail Orders, and not resting Retail Orders on the EDGX Book, the Exchange believes that liquidity providers are in the best position to determine whether the proposed RPI Order is appropriate for the liquidity provider's current investment strategy. According to the Exchange, if a liquidity provider wishes to prioritize speed of execution or wishes to have the ability to execute immediately upon entry without regard to the contra-side order type, it may choose another order type on the Exchange. See id.

[54]   See Notice of Amendment No. 3 at 2575.

[55]   See Notice of Amendment No. 3 at 2575-76. The Exchange states that a User who elects to enter an RPI MidPoint Peg Order knows that any execution will occur at the NBBO midpoint and that its order will remain executable, as it will always be priced at least $0.001 better than the Protected NBB or Protected NBO as it is a pegged order with a limit price that updates as the NBBO updates. See id.

[56]   See Notice of Amendment No. 3 at 2573.

The Exchange also asserts that while the Program would differentiate among its Members, it believes that such differentiation is not unfairly discriminatory because the Program is designed "to attract marketable retail order flow to the exchange as it will help to ensure that retail investors benefit from the better price that liquidity providers are willing to provide to retail orders in exchange for minimizing their adverse selection cost."[57]

Proposals involving segmentation of order flow on a national securities exchange – even if such order flow is retail or offers price improvement to retail orders – must be carefully evaluated. In this instance, the Program is reasonably designed to attract retail order flow to a registered national securities exchange while offering the opportunity for retail investors to potentially benefit from the ability to obtain price improvement.[58]

The Commission finds that the Program is consistent with the Act because it is reasonably designed to benefit retail investors by providing price improvement to retail order flow.[59] The Commission also finds that the Program is reasonably designed to enhance competition amongst market participants and encourage competition amongst exchange venues. To the extent the Program is successful, the proposal could facilitate and promote competition among exchanges and between exchanges and the over-the-counter ("OTC") markets and

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[57]   Notice of Amendment No. 3 at 2575.

[58]   The Commission has previously recognized that market participants and some exchanges distinguish between individual and retail investors, whose orders are considered desirable by liquidity providers because such retail investors are presumed on average to be less informed about short-term price movements. The Commission has also recognized that, because of this distinction, some liquidity providers may be more inclined to offer price improvement. See Securities Exchange Act Release No. 73702 (November 28, 2014), 79 FR 72049 (December 4, 2014) (approving Nasdaq BX's RLP on a pilot basis).

[59]   The Commission has previously approved similar RLPs for other national securities exchanges. See supra note 36 and accompanying text. Among other things, the Commission has previously found the dissemination of information regarding liquidity-providing orders available to execute against Retail Orders, similar to the proposed Retail Liquidity Identifier, to be consistent with the Act; and that such programs are sufficiently tailored to provide the benefits of potential price improvement only to bona fide retail order flow originating from natural persons, highlighting the qualification and oversight of RMOs and the limitations on the definition of Retail Order. See BYX RLP Pilot Approval Order at 71656; Securities Exchange Act Release No. 67347 (July 3, 2012) 77 FR 40673 (July 10, 2012) (order approving NYSE's RLP on a pilot basis) at 40680; see also EDGX Retail Order Definition Approval at 4650 (finding that EDGX's proposal to expand the definition of Retail Order to include orders entered on a principal basis, subject to the specified compliance requirements and monitoring, is reasonably designed to ensure that RMOs submit only bona fide retail order flow as Retail Orders and thereby should promote just and equitable principals of trade and protect investors and the public interest).

potentially bring more retail order flow to a public exchange. As such, the proposal is designed

to remove impediments to and perfect the mechanism of a free and open market and a national

market system, and further the investor protection and public interest objectives of 6(b)(5) of the

Act.

The Commission also find the Exchange's proposed amendments to EDGX Rule 11.6

and 11.10 to be consistent with the Act. The Exchange states that its proposal to introduce

additional rule text describing the entry and execution of Non-Displayed Orders on the Exchange

promotes just and equitable principles of trade by providing additional clarity and transparency

to market participants on how the System processes Non-Displayed Orders.[60]

For the reasons set forth above, the Commission finds that the proposed rule change, as

modified by Amendment Nos. 3 and 4, is consistent with the requirements of the Act and the

rules and regulations thereunder applicable to a national securities exchange and, in particular,

the requirements of Sections 6(b)(5).[61]

IV.   Limited Exemption from the Sub-Penny Rule

Pursuant to its authority under Rule 612(d) of Regulation NMS,[62] the Commission hereby

grants the Exchange a limited exemption from the Sub-Penny Rule to operate the RPI Program.

For the reasons discussed below, the Commission determines that such action is necessary or

appropriate in the public interest, and is consistent with the protection of investors.

When the Commission adopted the Sub-Penny Rule, the Commission identified a variety

of problems caused by sub-penny quoting that the Sub-Penny Rule was designed to address:

- If investors' limit orders lose execution priority for a nominal amount, investors may,

  over time, decline to use them, thus depriving the markets of liquidity.

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[60]   See Notice of Amendment No. 3 at 2576. The Exchange states that by introducing the proposed rule text,
        Users will have a better understanding of how a Non-Displayed Order is posted and ranked during certain
        scenarios involving locked and crossed markets, which benefits all Users and the marketplace as a whole.

[61]   15 U.S.C. 78f(b)(5).

[62]   17 CFR 242.612(d).

- When market participants can gain execution priority for a nominal amount, important customer protection rules such as exchange priority rules and the Manning Rule[63] could be undermined.

- Flickering quotations that can result from widespread sub-penny pricing could make it more difficult for broker-dealers to satisfy their best execution obligations and other regulatory responsibilities.

- Widespread sub-penny quoting could decrease market depth and lead to higher transaction costs.

- Decreasing depth at the inside could cause institutions to rely more on execution alternatives away from the exchanges, potentially increasing fragmentation in the securities markets.[64]

In connection with approvals of RLPs of other national securities exchanges, the Commission has granted a limited exemption from Rule 612(a).[65] The Commission recognized that the vast majority of marketable retail orders are internalized by OTC market makers, and to the extent that OTC market makers offer price improvement over the NBBO, it is typically offered in sub-penny amounts. The Commission stated that OTC market makers typically select a sub-penny price for a trade without quoting at that exact amount or accepting orders from retail customers seeking that exact price. The Commission further recognized that exchanges, and exchange member firms, cannot compete for marketable retail order flow on the same basis because it would be impractical for exchange electronic systems to generate sub-penny

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[63]   See FINRA Rule 5320 (Prohibition Against Trading Ahead of Customer Orders).

[64]   See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005) (Adopting Release for Regulation NMS). See also BYX RLP Permanent Approval Order at 53186; BYX RLP Pilot Approval Order at 71657.

[65]   See, e.g., RPI Approval Order at 53186; RPI Pilot Approval Order at 71657-58; Securities Exchange Act Release No. 104625 (January 16, 2026), 91 FR 2813 Jan. 22, 2026 ("ERPI Exemption Order").

executions without exchange liquidity providers or retail brokerage firms having first submitted sub-penny orders or quotations, which the Sub-Penny Rule expressly prohibits.[66]

Similarly, EDGX's proposed Program does not raise any new concerns regarding the problems the Sub-Penny Rule was designed to address, and the limited exemption granted in this order should continue to promote competition between exchanges and OTC market makers in a manner that is reasonably designed to minimize the problems that the Commission identified when adopting the Sub-Penny Rule. Under the Program, sub-penny prices will not be disseminated through the consolidated quotation data stream,[67] which should avoid quote flickering and reduced depth at the inside quotation.[68]

Furthermore, granting this limited exemption would not reduce incentives for market participants to display limit orders. Enabling the Exchange to compete for retail order flow through the proposed Program should not materially detract from the current incentives to display limit orders, while potentially resulting in greater order interaction and price improvement for marketable retail orders on a public national securities exchange. To the extent that the Program may raise Manning Rule and best execution issues for broker-dealers, these issues are already presented by the existing practices of OTC market makers.[69]

This exemption from the Sub-Penny Rule is limited solely to the operation of the RPI Program by the Exchange. This exemption does *not* extend beyond the scope of EDGX Rule 11.21. In addition, this exemption is conditioned on the Exchange continuing to conduct the Program, in accordance with Exchange Rule 11.21 and substantially as described in the Exchange's request for exemptive relief and the proposed rule change.[70] Any further changes in Exchange Rule 11.21 may cause the Commission to reconsider this exemption.

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[66]   See, e.g., RPI Pilot Approval Order at 71658; see also RPI Approval Order at 53186; ERPI Exemption Order at 2814.

[67]   See supra Section II.A (discussing dissemination of the Retail Liquidity Identifier).

[68]   See BYX RLP Pilot Approval Order at 71658; ERPI Exemption Order at 2815.

[69]   Id.

[70]   See supra note 11.

VII.   Conclusion

For the reasons set forth above, the Commission finds that the proposed rule change, as modified by Amendment Nos. 3 and 4, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange and, in particular, the requirements of Sections 6(b)(5).[71]

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,[72] that the proposed rule change (SR-CboeEDGX-2025-072), as modified by Amendment Nos. 3 and 4, be, and hereby is, approved.

IT IS FURTHER ORDERED, pursuant to Rule 612(d) under Regulation NMS, that the Exchange is granted a limited exemption from Rule 612 of Regulation NMS with respect to the operation of the Program as set forth in Exchange Rule 11.21 to allow the Exchange to accept and rank RPI Interest priced equal to or greater than $1.00 per share in increments of $0.001.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[73]

Vanessa A. Countryman,

Secretary.

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[71]   15 U.S.C. 78f(b)(5).

[72]   15 U.S.C. 78s(b)(2).

[73]   17 CFR 200.30-3(a)(12) and 17 CFR 200.30-3(a)(83).