



[Release No. 34-105479; File No. SR-CBOE-2026-016]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of Amendment No. 1 and Order Instituting Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change, as Modified by Amendment No. 1, to Amend its Rules Relating to Designated Primary Market-Makers (“DPMs”) and DPM Appointments in Global Trading Hours and Curb Sessions

May 13, 2026.

I. Introduction

On January 30, 2026, Cboe Exchange, Inc. (“Exchange” or “Cboe Options”) filed with the Securities and Exchange Commission (“Commission” or “SEC”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”),¹ and Rule 19b-4 thereunder,² a proposed rule change to modify rules pertaining to Designated Primary Market-Makers (“DPMs”) to: (1) clarify that the Exchange may appoint DPMs to Global Trading Hours (“GTH”) and Curb Trading Hours (“Curb”) sessions and that DPMs may be the same across multiple trading sessions or different (or no DPM) for an option class in Regular Trading Hours (“RTH”), GTH, and/or Curb sessions; (2) provide that DPM obligations and participation entitlements will apply to GTH and Curb sessions; and (3) make certain administrative changes. The proposed rule change was published for comment in the Federal Register on February 13, 2026.³ On March 25, 2026, pursuant to Section 19(b)(2) of the Exchange 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 the proposed

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 104807 (Feb. 10, 2026), 91 FR 6966 (“Notice”).

⁴ 15 U.S.C. 78s(b)(2).

rule change.⁵ The Commission received no comments regarding the proposed rule change. On April 13, 2026, the Exchange filed Amendment No. 1 to the proposed rule change, which replaced and superseded the original filing in its entirety. The Commission is publishing this Notice and Order to solicit comment on Amendment No. 1 in Sections II and III below, which sections are being published verbatim as filed by the Exchange, and to institute proceedings under Section 19(b)(2)(B) of the Exchange Act⁶ to determine whether to approve or disapprove the proposed rule change, as modified and superseded by Amendment No. 1.

II. Description of the Proposed Rule Change

As described more fully in the Notice,⁷ the Exchange proposes to modify rules pertaining to Designated Primary Market-Makers (“DPMs”) to (1) clarify the Exchange may appoint DPMs to Global Trading Hours (“GTH”) and Curb Trading Hours (“Curb”) sessions and that DPMs may be the same across multiple trading sessions or different (or no DPM) for an option class in Regular Trading Hours (“RTH”), GTH, and/or Curb sessions; (2) provide that DPM obligations and participation entitlements will apply to GTH and Curb sessions; and (3) make certain administrative changes.⁸ The Exchange initially submitted this rule filing as SR-CBOE-2026-016 to the Securities and Exchange Commission (the “Commission”) on January 30, 2026 (the “Initial Rule Filing”). Amendment No. 1 supersedes the Initial Rule Filing and replaces it in its entirety. Amendment No. 1 provides additional support for the proposal by (1) detailing the Exchange’s authority to review DPM compliance with quoting obligations and address occurrences of noncompliance, and (2) adding minor clarifications regarding quoting obligations. However, Amendment No. 1 makes no substantive changes to the proposal. The text of the proposed rule change is provided in Exhibit 5.

⁵ See Securities Exchange Act Release No. 105077, 90 FR 15659 (March 30, 2026). The Commission designated May 14, 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 supra note 3.

⁸ See Notice, 91 FR 6966.

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.

III. 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

DPMs are Trading Permit Holders (“TPHs”) that are approved by the Exchange to function in appointed securities as a Market-Maker.⁹ The Exchange proposes to amend certain Cboe Rules regarding DPM appointments. Specifically, the Exchange proposes to (1) clarify the Exchange may appoint DPMs to GTH and Curb sessions and that DPM appointments for an option class may differ by trading session¹⁰ while acknowledging that a trading session may not have a DPM¹¹; (2) provide that heightened DPM quoting obligations and participation entitlements apply during GTH and Curb sessions; and (3) make certain administrative changes.

⁹ See Rule 1.1 (definition of DPM).

¹⁰ The term “trading session” means the hours during which the Exchange is open for trading for Regular Trading Hours, Global Trading Hours or Curb Trading Hours (each of which may be referred to as a trading session), each as set forth in Rule 5.1. Unless otherwise specified in the Rules or the context otherwise indicates, all Rules apply in the same manner during each trading session. See Rule 1.1 (Definitions).

¹¹ See Rule 5.50(1), which states that the Exchange may designate a class for trading without a DPM.

First, the Exchange proposes to amend Cboe Rules 1.1 and 3.53 to update requirements and administrative processes for DPMs to explicitly state that the Exchange may appoint DPMs for all trading sessions (i.e., RTH, GTH,¹² and Curb¹³), and that DPMs may be the same or different across trading sessions. Pursuant to the definition of DPM in Cboe Rule 1.1 and the provisions of Cboe Rule 5.52(h), the Exchange may determine DPM appointments for classes (including that a DPM may not be appointed for a class). Pursuant to Cboe Rule 1.5, if Cboe Rules permit the Exchange to make a determination (including on a class-by-class basis), the Exchange may make that determination on a trading session-by-trading session basis. Therefore, Cboe Rules permit the Exchange to determine DPM appointments for all trading sessions, and the Exchange may appoint the same DPM for all trading sessions or may appoint different DPMs on a trading session-by-trading session basis. The proposed rule change merely explicitly states this in Cboe Rules. The Exchange proposes to update the definition of DPM in Cboe Rule 1.1 to state that 1) the Exchange designates DPMs per trading session, 2) On-Floor DPM is a term applicable to RTH sessions (as the floor operates only during RTH), 3) a DPM's request to function as an Off-Floor DPM is applicable to RTH sessions, and 4) DPMs that are appointed for a GTH or Curb session are considered Off-Floor DPMs within Cboe Rules (since those sessions are electronic only).

To further codify that the Exchange may appoint DPMs by trading session, the Exchange proposes to amend Cboe Rule 3.53, which establishes certain processes for DPMs, including selection and termination processes for DPMs. Specifically, the Exchange proposes to amend Cboe Rule 3.53(d) to state that the Exchange has the authority to specify the trading session(s) for a DPM appointment as a possible condition on an approval. Furthermore, since it may be

¹² Except under unusual conditions as may be determined by the Exchange or the Holiday hours set forth in Rule 5.1(d), Global Trading Hours are from 8:15 p.m. (previous day) to 9:25 a.m. on Monday through Friday. See Rule 5.1(c).

¹³ Except under unusual conditions as may be determined by the Exchange, or the Holiday hours set forth in Rule 5.1(e), Curb Trading Hours are from 4:15 p.m. to 5:00 p.m. on Monday through Friday. See Rule 5.1(d).

necessary to facilitate trading in a specified extended hours trading session without a DPM when a DPM appointment is terminated, the Exchange proposes to amend Cboe Rule 3.53(f) to confirm that a DPM may not be designated for a GTH or Curb session when the existing DPM for such session is terminated. This proposed change acknowledges and aligns with Cboe Rule 5.50(l), which provides that a class may be designated for trading without a DPM (during any or all trading sessions, as determined by the Exchange).

By amending these Cboe Rules to explicitly state the Exchange may designate a DPM by trading session, the Exchange recognizes that a DPM appointed for a class in RTH may not intend to participate in GTH or Curb sessions. Consequently, the Exchange proposes to amend Cboe Rules to clarify the Exchange's authority to designate different DPMs for RTH, GTH, and/or Curb sessions. This addresses the possibility that a DPM for a class in one trading session may not want the DPM role in other trading sessions. The Exchange believes having the ability to appoint different DPMs for different trading sessions may help bolster market liquidity in each trading session in which the Exchange chooses to appoint a DPM as it will not impose a DPM appointment to a TPH in a trading session(s) during which it chooses not to operate. In other words, a DPM in RTH, for example, will not be obligated to assume the DPM role in another session only to maintain its DPM appointment in the session it wants. Also, a DPM will not be required to relinquish its DPM appointment in a class for one trading session because it does not operate as the DPM in another trading session for the option class.

Second, the Exchange proposes to amend its Rules to address DPM participation entitlements and quoting obligations during GTH and Curb sessions. The Exchange proposes to amend Cboe Rule 5.54(a) to provide that the obligations of DPMs that currently apply during RTH will also apply during to GTH and Curb, and compliance with the heightened continuous quoting obligations will be measured across all trading sessions for which a DPM has an appointment. As the Exchange historically has appointed LMMs to GTH (and Curb) but not DPMs, Cboe Rule 5.54(a) limits application of a DPM's obligations to RTH. If the Exchange

determines to appoint a DPM to GTH and/or Curb, the Exchange believes it is appropriate for these obligations in Cboe Rule 5.54(a), including the continuous quoting obligation in subparagraph (1), to apply to DPMs during those trading sessions in the same manner as they do during RTH when the DPM has an appointment during those trading sessions. With respect to how a DPM's compliance with continuous quoting obligations is measured, the proposed rule change amends Cboe Rule 5.54(a)(1) to provide that this will occur across trading sessions for which the DPM has an appointment.

The Exchange notes this is consistent with existing Cboe EDGX Exchange, Inc. ("EDGX") Rules regarding DPMs. Specifically, pursuant to EDGX Rule 22.3(a), if a Market Maker selects an appointment in an option class, that appointment applies during both GTH and RTH and thus, the Market-Maker would have an appointment to make markets in the option class during both GTH and RTH on EDGX.¹⁴ Similarly, EDGX Rule 22.2(e) provides that a Market-Maker may request the Exchange appoint it as DPM to a class for all trading sessions. As EDGX Rules do not contain a heightened continuous quoting obligation for DPMs as the Exchange's Rules do,¹⁵ the only continuous quoting obligation,¹⁶ to which DPMs are subject is the standard obligation applicable to all Market-Makers.¹⁶ EDGX Rule 22.6(d) explicitly provides that Market-Maker continuous quoting obligations (and thus DPM continuous quoting obligations) apply to the class for an entire trading day, including both trading sessions of RTH and GTH (there is no Curb session in the EDGX Rules). Consequently, since the Market-Maker continuous quoting obligation set forth in EDGX Rule 22.6(d) is the continuous quoting obligation for DPMs on EDGX and is measured across all trading sessions, and since EDGX Rules state that DPM appointments apply to all trading sessions for a class, the continuous

¹⁴ See also Securities Exchange Act Release No. 34-85797; (May 7, 2019), 84 FR 20920 (May 13, 2019) (SR-CboeEDGX-2019-027).

¹⁵ See Cboe Rule 5.54(a) which requires that a DPM provide continuous electronic quotes 90% of the time as applicable.

¹⁶ See EDGX Rule 22.6(d) requires that a Market-Maker enter continuous bids and offers 60% of the time as applicable.

quoting obligations applicable to a DPM on EDGX apply across all trading sessions. This approach is also currently used for Market-Maker obligations in extended trading hour sessions.¹⁷

Although measuring a DPM's continuous quoting obligation for the entire trading day will increase the quoting requirement for the DPM because of the increase of trading time for which quotes must be provided, the DPM can meet the increased obligation through activity in RTH, GTH, and Curb.¹⁸ Since Cboe Rule 5.54(a) provides that DPM obligations require continuous quoting in a DPM's appointed classes, the Exchange calculates DPM compliance with quoting obligations across all of a DPM's option classes in totality rather than on a class-by-class basis. To illustrate how the proposed rule change will apply the quoting obligation across trading sessions, when applicable, the following example assumes that a DPM is appointed to 10 classes, nine of which are equity option classes that trade in RTH only and the remaining option class is an index option that trades in RTH, GTH, and Curb. Each option class has 100 series. For the nine equity option classes, each one trades for 405 minutes (24,300 seconds) in RTH in a trading day. To include this trading time in the calculation to determine compliance, the RTH time is multiplied by the number of series (in this case, 100), resulting in 40,500 minutes (2,430,000 seconds) per each class. The index option will trade for 790 minutes (47,400 seconds) in GTH, 45 minutes (2700 seconds) in Curb, and 405 minutes (24,300 seconds) in RTH, for a total of 1,240 minutes (74,400 seconds). To include this trading time in the calculation to determine compliance, the total time is multiplied by 100 series, resulting in 124,000 minutes (7,440,000 seconds). To determine compliance with the 90% continuous quoting obligation in Cboe Rule 5.54, the total trading times will be combined, resulting in 29,310,000 seconds ((2,430,000 seconds x 9 classes) + 7,440,000 seconds) and multiplied by

¹⁷ See Rule 5.52(d)(2)(E), which states that Market-Maker obligations will apply across trading sessions and that if a Market-Maker has an appointment in a class that is open for trading during multiple trading sessions, the Exchange will determine a Market-Maker's compliance with the continuous electronic quoting requirement across the trading day.

¹⁸ See note 14 *supra*.

90% to equal 26,379,000 seconds that the DPM must provide continuous quoting. To meet this quoting obligation, the DPM could quote 100% of the equity classes (21,870,000 seconds) and would be required to quote the index class for 4,509,000 seconds (which is 67% of all trading sessions) to meet the overall 90% requirement obligation. Alternatively, if the DPM only quoted 100% of the index class in GTH and Curb (5,010,000 seconds combined), the DPM would still be required to quote the equity option classes for 21,369,000 (which is 97.70% of the RTH trading session for equities) to meet the 90% requirement overall. Additionally, if the DPM quoted 100% of the index class in GTH, RTH, and Curb (7,440,000 seconds total), the DPM would still be required to quote the equity option classes for 18,939,000 (which is 72.84% of the RTH trading session for equities) to meet the 90% requirement overall.

As Cboe Rule 5.54 already provides that DPM quoting obligations apply collectively to all of a DPM's appointed classes,¹⁹ the Exchange believes that applying the continuous quoting requirements for DPMs collectively across all classes and trading sessions is a fair and efficient way for the Exchange and market participants to evaluate compliance with the continuous quoting obligation. Applying the continuous quoting requirements collectively across all classes and trading sessions rather than on a class-by-class and trading session-by-trading session basis is beneficial to DPMs by providing some flexibility to choose which series in their appointed classes they will continuously quote – increasing the continuous quoting in the series of one class while allowing for a decrease in the continuous quoting in the series of another class. This flexibility, however, does not diminish the DPM's obligation to continuously quote in a significant percentage of series for a significant part of the trading day. This flexibility is especially important for classes that have relatively few series and may prevent a DPM from reaching the continuous quoting obligation when failing to quote 90% of the trading day in more than one series in an appointed class. The Exchange believes that the proposed rule change will

¹⁹ See Rule 5.54(a)(2), which states that compliance with DPM quoting obligation applies to all of a DPM's appointed classes collectively

not diminish, and may in fact increase, market making activity on the Exchange, by applying continuous quoting obligations in a reasonable manner, which is in alignment with rules already in place on another options exchange. The Exchange does not anticipate that DPM quoting will routinely decrease and notes that, as illustrated in the examples above, that DPM obligation is expected to remain above the standard Market-Maker obligation requiring continuous quoting during 60% of the trading day. By requiring that a DPM meet its continuous quoting obligations across all trading sessions in which it is appointed as the DPM (and collectively across classes, as is the case today), a DPM might meet its obligations on a given day even if it falls below obligation requirements in one trading session if the DPM surpasses obligations requirements in another session because the total activity across trading sessions for a DPM will be used to determine compliance with continuous quoting obligation requirements. Additionally, this approach is intended to help reduce the rigidity of quoting requirements for a DPM of multiple sessions if trading activity is less in one of the sessions. The Exchange believes that applying the existing DPM obligations for RTH trading to GTH and Curb trading sessions will promote active markets in these extended trading hours sessions. Furthermore, applying such obligations across multiple trading sessions if a DPM is appointed to more than one trading session for a class will help foster liquid markets while providing flexibility to DPMs to meet their obligations. The Exchange does not believe that determining compliance with quotation obligations across trading sessions will result in less liquidity in RTH. To the contrary, the Exchange anticipates that DPMs may utilize activity in RTH to meet any shortfalls in 90% quoting obligations that a DPM may experience in GTH or Curb. The Exchange has observed that trading characteristics during RTH are typically different than those during extended hours trading sessions in that extended sessions have lower trading levels, reduced liquidity, and fewer participants. Therefore, the Exchange believes it is appropriate to extend to DPMs this flexibility across trading sessions to meet continuous quoting requirements. The Exchange notes that DPMs must still satisfy obligations set forth in Rule 5.54 in all trading sessions, including to make competitive markets.

Further, to the extent the Exchange applies the DPM participation entitlement or small order entitlement during a trading session, the DPM must be quoting at the top of the Book²⁰ (i.e., has a quote at the highest bid or lowest offer) to receive such entitlement, as set forth in Rule 5.32(a)(2)(B) and (C). Therefore, the Exchange does not believe DPMs will be less likely to quote at the top of the Book if the DPM is a DPM across multiple sessions.

The Exchange also proposes to amend Cboe Rule 5.32 to permit the Exchange to apply the DPM participation entitlement during GTH and Curb. Cboe Rule 5.32(a) provides the Exchange with authority to determine which allocation algorithm and priority overlays, including the DPM participation entitlement, will apply on a class-by-class basis. As noted above, pursuant to Cboe Rule 1.5, if Cboe Rules permit the Exchange to make a determination (including on a class-by-class basis), the Exchange may make that determination on a trading session-by-trading session basis. Therefore, Cboe Rules currently permit the Exchange to determine what allocation algorithm and priority overlays it may apply to RTH, GTH, and Curb. However, Cboe Rules do not permit the DPM participation entitlement to apply during GTH and Curb. As the Exchange may determine to appoint DPMs during GTH and Curb going forward, the Exchange proposes to allow DPM participation entitlements to apply during those trading sessions in the same manner it can during RTH. Given that a DPM will be subject to heightened continuous quoting obligations during GTH and Curb, as discussed above, the Exchange proposes to permit it to apply the DPM participation entitlement as a priority overlay during those trading sessions, as it is able to do during RTH. Specifically, the Exchange proposes to amend Cboe Rule 5.32(a)(2)(B)(iv) to state that DPM participation entitlements may apply during GTH and Curb sessions. Pursuant to Cboe Rule 5.32(a)(2)(B), the Exchange may apply one or more of the participation entitlements provided in the rule,²¹ and the proposed addition to

²⁰ See Rule 1(a), which defines “Book” as the electronic book of simple orders and quotes maintained by the System.

²¹ See Rule 5.32(a)(2)(B), which states that if a DPM has a quote at the highest bid or lowest offer, it will receive the greater of (i) the number of contracts it would receive pursuant to the applicable base allocation

Cboe Rule 5.32(a)(2)(B)(iv) provides that the Exchange may apply participation entitlements in the same manner during GTH and Curb. The Exchange believes that having the ability to apply the existing participation entitlements for RTH to GTH and Curb sessions will appropriately incentivize DPM participation in the extended trading hours sessions for which they are appointed to help provide market liquidity during such sessions. Additionally, the Exchange does not believe that applying the participation entitlements across trading sessions will result in a reduction in DPM quoting activity during the RTH session because liquidity and demand are expected to remain highest during RTH. As noted above, DPMs will only receive an entitlement during a trading session if they are quoting at the best price.

As is the case today, the Exchange will monitor DPM activity to verify compliance with quoting obligations and will determine a DPM's compliance with the 90% quoting obligation contained in Rule 5.54(a)(1), which applies to all of a DPM's classes collectively, on a monthly basis.²² Additionally, the Exchange may conduct a review of a DPM's performance at any time.²³ The Exchange currently conducts regular reviews of DPM's performance, which reviews the Exchange would expand to include GTH and Curb. The Exchange may take action against a DPM that fails to comply with any of the requirements under Rules 3.53, 3.54, or 5.54, and such action may include terminating, placing conditions upon, or otherwise limiting a TPH organization's DPM approval.²⁴ If the Exchange determines to limit a TPH's approval to act as a DPM, the Exchange may, in addition to other actions, limit or withdraw the TPH organization's DPM participation entitlement provided for under Rule 5.32, withdraw the right of the TPH organization to act in the capacity of a DPM in a particular security or securities which have been allocated to the TPH organization, and/or require the relocation of the TPH organization's

algorithm and (ii) 50% of the contracts if there is one other non-Priority Customer, 40% of the contracts if there are two non-Priority Customers, or 30% of the contracts if there are three or more non-Priority Customers with orders or quotes on the Book at that price.

²² See Rule 5.54(a)(1)(B).

²³ See Rule 3.53(j).

²⁴ See Rule 3.53(i).

DPM operation on the Exchange's trading floor.²⁵ Furthermore, pursuant to Rule 13.1(g)(9), the Exchange has the authority to impose fines on a DPM for failure to meet continuous quoting obligations. The Exchange intends to apply existing monitoring practices to DPM activity in GTH and Curb sessions and, if warranted, impose penalties or issue fines to DPMs that do not fulfill their obligations.

Finally, as an administrative change, the Exchange proposes to amend Cboe Rule 5.50(b), which establishes cutoff times by trading sessions for submission of Market-Maker appointment requests to remove specific time requirements from the Rules. Although such cutoff times were previously added to Cboe Rules, relocation of these time requirements will enhance the Exchange's ability to react to future advancements in technology that may allow the Exchange to provide more time to Market-Makers to submit appointment requests. Consequently, the Exchange believes this type of technical detail should be maintained in the Exchange's technical specifications rather than Cboe Rules and therefore proposes to replace these specific cutoff times currently provided in Cboe Rules with a statement that such deadlines will be specified in the Exchange's technical specifications.²⁶ This change aligns with Cboe Rule 1.5(a) which states that the Exchange will announce determinations to TPHs via various means of communication, including specifications. By relocating cutoff times from the Rules to technical specifications documentations, the Exchange will have the ability to adjust times more quickly in the future. Notice of these cutoff times and any subsequent changes to them will be provided via technical specification documentation as required by Cboe Rule 1.5(a). In the event that technology advances allow the Exchange to process requests with less notice, the Exchange may modify the cutoff times in the technical specifications and provide Market-Makers more time to meet deadlines. Furthermore, removing the specific time requirements in Cboe Rule 5.50 will

²⁵ Id.

²⁶ See Rule 1.5(a), which states that the Exchange will announce determinations to TPHs via various means of communication, including specifications.

align the rule's structure to Cboe Rule 5.54(a)(6) which provides that the Exchange may determine time requirements but does not include the details of such time requirements within Cboe Rules. The Exchange believes this proposed change will therefore provide greater consistency within Cboe Rules.

As an additional administrative change, the Exchange also proposes to amend Cboe Rule 5.50(l) to return language to the provision that was inadvertently removed from the Rules in a rule change connected to the System migration that took place in 2019.²⁷ The proposed rule change merely adds back to the rule language that states that if the Exchange determines to list SPX or VIX on a group basis, it will have the authority to change the eligible categories of Market-Maker participants for each group.

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.²⁸ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)²⁹ 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

²⁷ See Securities Exchange Act Release No. 34-87024 (September 19, 2019), 84 FR 50545 (September 25, 2019) (SR-CBOE-2019-059).

²⁸ 15 U.S.C. 78f(b).

²⁹ 15 U.S.C. 78f(b)(5).

is consistent with the Section 6(b)(5)³⁰ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes the proposed rule change to clarify in Cboe Rules that the Exchange may appoint DPMs to all trading sessions and on a trading session-by-trading session basis will remove impediments to and perfect the mechanism of a free and open market and protect investors, as such changes add transparency and clarity to Cboe Rules. In explicitly stating that DPM appointment designations may apply to one or multiple trading session(s), the Exchange recognizes that not all DPMs may intend to trade in all available trading sessions for an option class, and designation of different DPMs for a class by trading session may be appropriate to help provide market liquidity. The Exchange may designate a DPM for RTH and another for GTH or Curb based on DPM expressed interest in specific trading session(s), or, as indicated in Cboe Rule 5.50(l), the Exchange may list for trading a class without a DPM during a trading session. As noted above, this flexibility is already permitted under Cboe Rules. The flexibility to designate different DPMs provides the Exchange with the ability to appoint dedicated liquidity providers in all trading sessions to make active markets, which ultimately benefits investors.

Furthermore, the Exchange believes the proposed rule change to apply DPM participation entitlements and obligations to GTH and Curb sessions as well as measuring compliance with the heightened continuous quoting obligations across trading sessions for DPMs with appointments for more than one trading session in a class will 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. The proposed rule change will ultimately apply the same obligations to DPMs during GTH and Curb as are currently applied to DPMs during RTH. Additionally, the proposed rule change will provide the

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Id.

Exchange with the same flexibility to apply the DPM participation entitlement during GTH and Curb in the same manner it is applied during RTH. The Exchange believes being able to apply the DPM participation entitlement during GTH and Curb may help incentivize Market-Maker participation in GTH and Curb sessions, balanced with the heightened continuous quoting obligations that will apply during those trading sessions.

While the proposed rule change increases the total time a DPM must quote if it is appointed to GTH and/or Curb, this increase is de minimis given that a DPM's compliance with its continuous quoting obligation is based on all classes in which it has an appointment in the aggregate across trading sessions. A Market-Maker may choose to express interest in becoming a DPM during GTH and/or Curb. The Exchange believes that the slight additional burden of extending the continuous quoting obligation to the GTH and Curb trading sessions for DPMs' appointments in those trading sessions is outweighed by the benefits to investors that may result from that liquidity. The proposed rule change also continues to maintain a balance of DPM benefits and obligations, as the continuous quoting obligation and DPM participation entitlement that will apply during GTH and Curb are the same as those that apply today during RTH. Ultimately, the proposed rule change is intended to facilitate DPM involvement in GTH and Curb sessions and is intended to facilitate tighter spreads, increase trading opportunities, and overall enhanced market quality to the benefit of all market participants. As discussed above, measuring compliance with DPM continuous quoting obligations across trading sessions is consistent with current EDGX Rules.

The Exchange notes if a DPM in a class during RTH does not seek to become the DPM in that class during GTH or Curb, this proposed rule change has no impact on that DPM's obligations, as the proposed change would only require additional quoting time for DPMs appointed to a class in multiple trading sessions. If a DPM in a class during RTH wants to be DPM in that class during other trading sessions, and the Exchange makes such appointment, the

Exchange believes it is appropriate for that DPM to be subject to the same obligations during those additional trading sessions it is during RTH.

Last, the Exchange believes that the largely administrative changes proposed for Cboe Rule 5.50 that would 1) remove specific time requirements from the rules and 2) return inadvertently deleted rule text are intended to remove impediments to and perfect the mechanism of a free and open market and a national market system and protect investors consistent with the Act. By moving Market-Maker application cutoff times from the rules to the Exchange's technical specification documentation, the Exchange will have the flexibility to change times in response to technology advances or future changes in trading times. By returning language inadvertently deleted regarding the Exchange's authority to change the eligible categories of Market-Maker participants for each group, the proposed change clarifies the manner in which the Exchange may function.

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 of the Act. 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. The proposed rule change to clarify the Exchange's ability to appoint DPMs to all trading sessions and on a trading session-by-trading session basis explicitly state what is permissible today under current Rules, as discussed above. These Rules will continue to apply in the same manner to all TPHs. The proposed rule change to apply DPM quoting obligations to GTH and Curb (and measure compliance with the continuous quoting obligation across trading sessions) and permit the Exchange to apply the DPM participation entitlement in GTH and Curb, will apply equally to all DPMs (and in the same manner as they do today to DPMs during RTH). While the proposed rule change increases the total time a DPM must quote if it is appointed to GTH and/or Curb, this increase is de minimis given that a DPM's compliance with its continuous quoting obligation is

based on all classes in which it has an appointment in the aggregate across trading sessions. A Market-Maker may choose to express interest in becoming a DPM during GTH and/or Curb. As noted above, if a DPM in a class during RTH does not want to be DPM (or is not appointed as DPM) in that class during GTH or Curb, this proposed rule change has no impact on the DPM. The Exchange believes that the slight additional burden of extending the continuous quoting obligation to the GTH and Curb trading sessions for DPMs' appointments in those trading sessions is outweighed by the benefits to investors that may result from that liquidity. The proposed rule change also continues to maintain a balance of DPM benefits and obligations, as the continuous quoting obligation and DPM participation entitlement that will apply during GTH and Curb are the same as those that apply today during RTH. Additionally, the proposed changes to move time requirements to technical specification documents and add back inadvertently removed content are not for competitive purposes and are generally administrative changes to support market function. The Exchange does not believe 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, as the proposed rule changes apply only to DPMs at the Exchange.

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.

IV. Proceedings to Determine Whether to Approve or Disapprove SR-CBOE-2026-016, as Modified by Amendment No. 1, and Grounds for Disapproval under Consideration

The Commission is instituting proceedings pursuant to Section 19(b)(2)(B) of the Exchange Act³¹ to determine whether the proposed rule change, as modified by Amendment No. 1 ("Amended Proposal"), should be approved or disapproved. Institution of such proceedings is

³¹ 15 U.S.C. 78s(b)(2)(B).

appropriate at this time in view of the legal and policy issues raised by the proposed rule change. Institution of proceedings does not indicate that the Commission has reached any conclusions with respect to any of the issues involved. Rather, as described below, the Commission seeks and encourages interested persons to provide comments on the Amended Proposal, to inform the Commission's analysis of whether to approve or disapprove the Amended Proposal.

Pursuant to Section 19(b)(2)(B) of the Exchange Act,³² the Commission is providing notice of the grounds for disapproval under consideration. The Commission is instituting proceedings to allow for additional analysis of, and input from commenters with respect to, the consistency of the Amended Proposal with Section 6(b)(5) of the Act,³³ which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, protect investors and the public interest; and not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Commission asks that commenters address the sufficiency of the Exchange's statements in support of the Amended Proposal, in addition to any other comments they may wish to submit about the proposal. In particular, under the Amended Proposal, the Exchange could appoint a DPM (or not appoint any DPM) in a class for all trading sessions as well as on a trading-session-by-trading-session basis.³⁴ The Exchange would apply during GTH and Curb sessions the DPM obligations that currently apply during RTH, and the Exchange would measure compliance with DPMs' continuous quoting requirement across all trading sessions (and classes), in the aggregate, for which the DPM is appointed.³⁵ In addition, the Exchange could apply priority overlays, as set forth in Rule 5.32(a)(2), to a DPM during any trading session for

³² Id.

³³ 15 U.S.C. 78f(b)(5).

³⁴ See proposed Rules 1.1 and 3.53. The proposal also would allow the Exchange to permit trading to occur in a GTH or Curb session when there is no DPM for such session(s) due to resignation, termination or otherwise. See proposed Rule 3.53(f).

³⁵ See proposed Rule 5.54; see also supra Section III.

which the DPM is appointed.³⁶ The Commission seeks comment on whether the Amended Proposal includes sufficient analysis of these proposed changes to support a conclusion that it is consistent with the requirements of Section 6(b)(5) of the Act.³⁷

V. Solicitation of Comments

The Commission requests that interested persons provide written submissions of their data, views, and arguments with respect to the issues identified above, as well as any other concerns they may have with the proposal. In particular, the Commission invites the written views of interested persons concerning whether the proposed rule change is consistent with the Act, and the rules and regulations thereunder. Although there do not appear to be any issues relevant to approval or disapproval that would be facilitated by an oral presentation of data, views, and arguments, the Commission will consider, pursuant to Rule 19b-4 under the Act,³⁸ any request for an opportunity to make an oral presentation.³⁹

Interested persons are invited to submit written data, views, and arguments regarding whether the proposed rule change should be approved or disapproved by [insert date 21 days from publication in the Federal Register]. Any person who wishes to file a rebuttal to any other person's submission must file that rebuttal by [insert date 35 days after publication in the Federal Register].

Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

³⁶ See proposed Rule 5.32(a)(2); see also *supra* Section III.

³⁷ 15 U.S.C. 78f(b)(5).

³⁸ 17 CFR 240.19b-4.

³⁹ Section 19(b)(2) of the Act, as amended by the Securities Acts Amendments of 1975, Pub. L. 94-29 (June 4, 1975), grants to the Commission flexibility to determine what type of proceeding – either oral or notice and opportunity for written comments – is appropriate for consideration of a particular proposal by a self-regulatory organization. See Securities Acts Amendments of 1975, Senate Comm. on Banking, Housing & Urban Affairs, S. Rep. No. 75, 94th Cong., 1st Sess. 30 (1975).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CBOE-2026-016 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-CBOE-2026-016. 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 (<http://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-CBOE-2026-016 and should be submitted by [insert date 21 days after the date of publication in the Federal Register]. Rebuttal comments should be submitted by [insert date 35 days after date of publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴⁰

⁴⁰ 17 CFR 200.30-3(a)(57).

Vanessa A. Countryman,

Secretary.

[FR Doc. 2026-09861 Filed: 5/15/2026 8:45 am; Publication Date: 5/18/2026]