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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106403; File No. SR-C2-2026-026]

Self-Regulatory Organizations; Cboe C2 Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend its Fee Schedule for Step Up Mechanism Auctions

September 17, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on September 11, 2026, Cboe C2 Exchange, Inc. (the "Exchange" or "C2") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend its Fee Schedule to introduce new language governing the fees applicable to executions in Step Up Mechanism auctions.

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/ctwo/), and at the principal office of the Exchange.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the

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

2 17 CFR 240.19b-4.

proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend its Fee Schedule to introduce new language implementing the fees applicable to executions in Step Up Mechanism ("SUM") auctions.

Currently, SUM auction fees are handled in the same manner as Complex Order Auctions ("COAs"). Meaning, that the incoming/auctioned order will receive applicable Add rates, and auction response and unrelated orders will receive applicable Remove rates.[3] The Exchange now proposes to include additional language in its Fee Schedule stating that, for executions that occur within the SUM auction, the incoming order will receive applicable Remove rate, and the auction response and unrelated orders will receive the applicable Add rate.

By way of background, the Exchange recently adopted SUM, a new automated order handling mechanism.[4] SUM is a feature within the System that provides automated order handling in designated classes for qualifying orders that are not automatically executed by the System and is set forth in Exchange Rule 5.35.

Under Rule 5.35(b), upon receipt of a SUM-eligible order, the System electronically exposes the order at the national best bid or offer ("NBBO") immediately upon receipt, for a period of time determined by the Exchange on a class-by-class basis that may not exceed one second. During the exposure period, all Users may submit responses to the exposure message. The purpose of SUM is to provide all Users with the opportunity to improve their prices and "step up" to meet the NBBO in order to interact with orders sent to the Exchange. As the

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3 See C2 Options Fee Schedule.

4 See Securities Exchange Act Release No. 106224 (August 28, 2026), 91 FR 56514 (September 2, 2026) (SR-C2-2026-024).

Exchange explained in its prior filing, this allows the market participant sending an order to the Exchange to increase its chances of receiving an execution at the Exchange (the market participant's chosen venue) instead of having the order be routed to another exchange.[5] Further, SUM and the "step up" process enable Users to add liquidity that is available to interact with orders sent to the Exchange.

In connection with the adoption of SUM,[6] the Exchange proposes to implement new language for the fees applicable to volume executed through SUM auctions. As a general matter, the Exchange's Fee Schedule assesses a fee to volume that removes liquidity (a "remove" fee) and a separate fee (or, as applicable, a rebate or fee waiver) to volume that adds liquidity (an "add" fee). There is existing language in the Exchange's Fee Schedule for COAs: "For executions that occur within the Complex Order Auction ("COA") against auction responses, the incoming order will receive applicable Add rates, and auction responses and unrelated orders will receive applicable Remove rates." Currently, this same logic is being applied for SUM auction executions.

The Exchange proposes to add in new language for executions in SUM auctions by stating that incoming orders will receive the applicable Remove rate and auction responses and unrelated orders will receive the applicable Add rates. As it relates to SUM auctions, the remove fee would apply to the volume resulting from a primary order (i.e., the order that initiates the SUM auction and is exposed by the System), and the add fee would apply to the volume resulting from a response to SUM (i.e., the liquidity-providing responses submitted by Users during the exposure period) or an unrelated order that executes against the initiating order in compliance with Rule 5.35. In other words, the primary order that initiates a SUM auction is treated as removing liquidity, while a response to a SUM auction or an unrelated order that

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5 Id.

6 SUM was implemented on the Exchange on September 4, 2026 (see Reminder - Cboe C2 Options to Introduce Step-Up Mechanism (SUM) Auction).

executes against the initiating order is treated as adding liquidity. The Exchange believes this treatment appropriately reflects the function of each side of a SUM auction: the primary order is seeking to access liquidity, while the response is providing liquidity that steps up to interact with the primary order.

The proposed change does not adopt any new fee and does not change the amount of any fee assessed under the Fee Schedule; rather, it implements an updated fee framework for SUM volume.

The proposed language is similar to the existing treatment of SUM auctions on the Fee Schedule of the Exchange's affiliate, Cboe Exchange, Inc ("Cboe"). Consistent with the Cboe Fee Schedule, the Exchange's proposed language reflects the same principle that, in a SUM auction, the primary order that initiates the auction is treated as taker (removing) volume, and responses to the auction are treated as maker (adding) volume. The Cboe Fee Schedule reflects this treatment in Footnotes 9 and 44. As reflected in the Cboe Fee Schedule, the Taker fees apply to the volume resulting from a Customer's primary orders executed in SUM auctions, and the Maker fee waiver applies to volume resulting from a Customer's responses to SUM actions. The Exchange's proposed language is similar to the Cboe treatment for SUM auctions.

Lastly, the Exchange notes that this fee structure does not apply to orders in DJX and RUT as these products have their own pricing tables in the C2 Fee Schedule. The Exchange notes that this same approach exists today for the fee structure specified above for COAs.

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.[7] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[8] requirements

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7 15 U.S.C. 78f(b).

8 15 U.S.C. 78f(b)(5).

that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[9] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange also believes the proposed rule change is consistent with Section 6(b)(4) of the Act,[10] which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities.

The Exchange believes the proposed rule change is reasonable because it does not adopt any new fee or change the amount of any fee currently assessed under the Fee Schedule. Rather, the proposed language implements new language on how the Exchange's existing remove/add fee framework applies to volume executed through a SUM auction—namely, that the remove fee applies to the volume resulting from an incoming order that prompts a SUM auction and the add fee applies to the volume resulting from a response to SUM or an unrelated order executed as part of SUM. The Exchange believes it is reasonable to apply the remove fee to primary order volume and the add fee to response volume and unrelated orders because this treatment reflects the function of each side of a SUM auction, with the primary order accessing liquidity and the contra-side providing liquidity.

The Exchange believes the proposed rule change is equitable and not unfairly discriminatory because the proposed rule change applies to all market participants equally. The proposed remove/add treatment of SUM volume applies uniformly to the primary orders and

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9 Id.

10 15 U.S.C. 78f(b)(4).

responses of all market participants that participate in SUM auctions. In addition, the Exchange believes it is equitable and not unfairly discriminatory to assess the remove fee for the primary order volume that removes liquidity and to apply the add fee to the response volume that adds liquidity because the Exchange wants to encourage market participation and price improvement. By applying the add rate to responses that step up to provide liquidity, the proposed rule change encourages Users to submit responses during the SUM exposure period, which promotes the competitive price-improvement dynamic that SUM is designed to foster and benefits investors through improved execution quality. Similarly, unrelated orders that execute against the order that initiates the SUM auction also provide liquidity and as such, receive the add rate.

Finally, the Exchange believes the proposed rule change promotes just and equitable principles of trade and supports consistency in SUM auctions between both C2 and its affiliated exchange, Cboe. The proposed language is similar to the existing treatment of SUM volume on the Cboe Fee Schedule, as reflected in Footnotes 9 and 44. Because SUM on C2 is based on Cboe Options Rule 5.35, the Exchange believes it is appropriate and consistent with the Act for the C2 Fee Schedule to reflect the same remove/add treatment of SUM volume as the Cboe Fee Schedule. This consistency reduces potential confusion for market participants that trade across the Cboe affiliated exchanges and promotes a coherent fee framework across those affiliated markets. Lastly, the Exchange believes that in explicitly calling out DJX and RUT as inapplicable, that it provides clarity for participants as there are already separate fee tables in place for these products.

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 the proposed rule change will impose any burden on intramarket competition. The proposed language revises the application of the remove/add fee framework to SUM volume. This proposed framework applies uniformly to all market

participants that participate in SUM auctions. The Exchange believes because the proposed treatment of primary orders as remove and contra-side interest as add reflects the economic function of each side of a SUM auction and is intended to encourage market participation and price improvement for the benefit of all market participants.

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. The proposed rule change concerns only the revised application of the Exchange's own fees for volume executed on the Exchange through SUM auctions. To the contrary, the proposed rule change is designed to parallel the existing SUM fee treatment on the Exchange's affiliate, Cboe, thereby promoting consistency across the Cboe affiliated exchanges. Trading Permit Holders may readily direct their order flow to competing venues if they deem the Exchange's fees to be excessive. Market participants on other exchanges are welcome to become Trading Permit Holders and trade at C2 if they determine that this proposed rule change has made C2 more attractive or favorable.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act[11] and paragraph (f) of Rule 19b-4[12] thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the

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11 15 U.S.C. 78s(b)(3)(A).

12 17 CFR 240.19b-4(f).

Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (https://www.sec.gov/rules/sro.shtml); or
- Send an email to rule-comments@sec.gov. Please include file number SR-C2-2026-026 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-C2-2026-026. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (https://www.sec.gov/rules/sro.shtml). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

All submissions should refer to file number SR-C2-2026-026 and should be submitted on or before **[INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[13]

Sherry R. Haywood,

Assistant Secretary.

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[13] 17 CFR 200.30-3(a)(12).