current Participant with a copy of such executed Plan; and (iii) effecting an amendment to the Plan as specified in Section III(b) of the Plan.

J. Method of Determination and Imposition, and Amount of, Fees and Charges

Not applicable.

K. Method and Frequency of Processor Evaluation

Not applicable.

L. Dispute Resolution

Section III(c) of the Plan provides that any recommendation for an amendment to the Plan from the Operating Committee that receives a unanimous vote shall be submitted to the SEC as a proposed amendment to the Plan pursuant to Section III(a) of the Plan.

III. Solicitation of Comments

The Commission seeks comment on the amendment. Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the amendment is consistent with the Exchange Act and the rules thereunder. 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
- Send an email to *rule-comments@sec.gov.* Please include file number 4–518 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 4–518. 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 submission, all subsequent amendments, all written statements with respect to the proposed plan amendment that are filed with the Commission, and all written communications relating to the proposed amendment between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal offices of the Participants. 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 4–518 and should be submitted on or before July 8, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[22]

J. Matthew DeLesDernier,

Deputy Secretary.

[FR Doc. 2025–11099 Filed 6–16–25; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–103230; File No. SR–CBOE–2025–040]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Its Fees Schedule With Respect to Professional Orders Transacted on the Trading Floor in Certain Products and To Adopt a Floor Broker Sliding Scale Supplemental Rebate Program

June 11, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on June 2, 2025, Cboe Exchange, Inc. (''Exchange'' or ''Cboe Options'') filed with the Securities and Exchange Commission (''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

Cboe Exchange, Inc. (the ''Exchange'' or ''Cboe Options'') proposes to amend its Fees Schedule with respect to Professional orders transacted on the trading floor (*i.e.,* manual) in Equity, ETF, and ETN Options, Sector Indexes and All Other Index Products and to adopt a Floor Broker Sliding Scale Supplemental Rebate Program. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange's website (*http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx*), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to amend its Fees Schedule, effective June 2, 2025.

The Exchange first notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange is only one of 18 options venues to which market participants may direct their order flow. Based on publicly available information, no single options exchange has more than 17% of the market share.[3] Thus, in such a low-concentrated and highly competitive market, no single options exchange possesses significant pricing power in the execution of option order flow. The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow or discontinue to reduce use of certain categories of products in response to fee changes. Accordingly, competitive forces constrain the Exchange's transaction

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[22] 17 CFR 200.30–3(a)(85).

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

[2] 17 CFR 240.19b–4.

[3] *See* Cboe Global Markets U.S. Options Monthly Market Volume Summary (May 29, 2025), available at *https://markets.cboe.com/us/options/market_statistics/*.

fees, and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable. In response to competitive pricing, the Exchange, like other options exchanges, offers rebates and assesses fees for certain order types executed on or routed through the Exchange.

The Exchange first proposes to decrease the fee for Professional (capacity ''U'') orders transacted on the trading floor (*i.e.,* manual) in Equity, ETF, and ETN Options, and All Other Index Products (yielding fee code ''WA''), as set forth in the Rate Table for All Products Excluding Underlying Symbol List A.[4] Currently, the Exchange assesses a fee of $0.12 per contract for manual Professional orders in Equity, ETF, and ETN Options and All Other Index Products which yield fee code WA; the Exchange proposes to decrease the fee from $0.12 per contract, to $0.05 per contract. The proposed rule change is in-line with, albeit still lower than, similar fees that other options exchanges with trading floors currently assess manual Professional transactions.[5]

Also in response to the competitive environment, the Exchange offers various tiered incentive programs which provide Trading Permit Holders (''TPHs'') opportunities to qualify for higher rebates or reduced rates where certain volume criteria and thresholds are met. Tiered pricing provides an incremental incentive for TPHs to strive for higher tier levels, which provides increasingly higher benefits or discounts for satisfying increasingly more stringent criteria. For example, the Exchange currently offers, among other tiered volume programs, a Floor Broker Sliding Scale Rebate Program, which offers four tiers that provide rebates on a sliding scale[6] for qualifying orders (*i.e.,* Non-Customer, Non-Strategy, Floor Broker orders) where a TPH meets certain liquidity thresholds. The Program applies to all products except for Underlying Symbol List A,[7] Sector Indexes,[8] DJX, CBTX, MBTX, MRUT, MXEA, MXEF, MXACW, MXUSA, MXWLD, NANOS, SPEQX, XSP and FLEX Micros (''multiply-listed options''). The Program offers two categories of rebates that correspond to each of the proposed tiers; one that applies to Firm Facilitated orders (*i.e.,* orders that yield fee code FF)[9] and another that applies to all other non-Firm Facilitated orders (*i.e.,* orders that do not yield fee code FF).

The Exchange now proposes to adopt a Floor Broker Sliding Scale Supplemental Rebate Program. Similar to the Floor Broker Sliding Scale Program, the Floor Broker Sliding Scale Supplemental Rebate Program (''Supplemental Rebate Program'') applies to all products except Underlying Symbol List A,[10] Sector Indexes,[11] DJX, CBTX, MBTX, MRUT, MXEA, MXEF, MXACW, MXUSA, MXWLD, NANOS, SPEQX, XSP and FLEX Micros. Pursuant to the proposed Supplemental Rebate Program, the Exchange will calculate rebates based on qualifying volumes under the Supplemental Rebate Program, and eligible TPHs will receive the rebates only on qualifying Non-Firm Facilitated orders processed through the Floor Broker Sliding Scale Rebate Program (specifically, Non-Customer, Non-Strategy Floor Broker orders that do not yield fee code FF). As proposed, the Supplemental Rebate Program has four tiers, each with its own criteria and corresponding rebate, as follows:

- Tier 1 provides no additional rebate for all qualifying non-Firm Facilitated orders (*i.e.,* Non-Customer, Non-Strategy Floor Broker orders that do not yield fee code FF), where a TPH has FLEX Floor Broker Volume (in applicable products) that is greater than zero contracts but less than 2,000,000 contracts;
- Tier 2 provides an additional rebate of $0.01 per contract for all qualifying non-Firm Facilitated orders, where a TPH has FLEX Floor Broker Volume (in applicable products) that is greater than or equal to 2,000,000 and less than 6,000,000 contracts;
- Tier 3 provides an additional rebate of $0.02 per contract for all qualifying non-Firm Facilitated orders, where a TPH has FLEX Floor Broker Volume (in applicable products) that is greater than or equal to 6,000,000 and less than 10,000,000 contracts; and
- Tier 4 provides an additional rebate of $0.03 per contract for all qualifying non-Firm Facilitated orders, where a TPH has FLEX Floor Broker Volume (in applicable products) that is greater than or equal to 10,000,000 contracts.

The proposed rule change makes it clear that the Exchange will aggregate a TPH's volume with the volume of its affiliates (''affiliate'' defined as having at least 75% common ownership between the two entities as reflected on each entity's Form BD, Schedule A) for the purposes of calculating Volume each month. Additionally, the proposed rule change appends Footnote 33 to the Supplemental Rebate Program and amends Footnote 33 to exclude FLEX Micros from the program (similar to the Floor Broker Sliding Scale Rebate Program).[12]

The proposed Program is designed to encourage Floor Brokers to increase their order flow in all multiply-listed FLEX equity and ETP options to the Exchange's trading floor to meet the proposed tier criteria in order to receive the proposed corresponding rebate for their qualifying orders. The Exchange believes that incentivizing increased liquidity to its trading floor allows the

[4] Underlying Symbol List A: OEX, XEO, RUT, RLG, RLV, RUI, UKXM, SPX (includes SPXW), SPESG and VIX. *See* Exchange Fees Schedule, Footnote 34.

[5] *See e.g.,* NYSE American Options Fee Schedule, Section I, paragraph A (Rates for Options transactions), which assesses a fee of $0.25 per contract for manual NYSE American Options Professional Customer transactions; *see also* BOX Options Fee Schedule, Section V(A), Manual Transaction Fees: Qualified Open Outcry Order (''QOO'') and FLEX Open Outcry Orders (''FOO'') Order Fees, which assesses a fee of $0.10 per contract for manual Professional Customer orders.

[6] The rebate offered under each tier is only applied to the qualifying volume within that tier. In addition, the Exchange calculates the average rebate for each type of rebate (Firm Facilitated and Non-Firm Facilitated) based on the TPH's total qualifying volume across all four tiers plus its qualifying baseline volume (which corresponds to a rebate of $0.00). Each respective average rebate is applied to the percentage of qualifying volume that corresponds specifically to the type of order (Firm Facilitated or Non-Firm Facilitated) volume and added together, which results in a final average rebate. The final average rebate is then applied to the TPH's total qualifying executions. This is consistent with the manner in which the Exchange calculates rebates for other sliding scale programs offered under the Fees Schedule.

[7] *See* Cboe Options Fees Schedule, Footnote 34, which provides that Underlying Symbol List A includes OEX, XEO, RUT, RLG, RLV, RUI, UKXM, SPX (includes SPXW), SPESG and VIX.

[8] *See* Cboe Options Fees Schedule, Footnote 47, which provides that Sector Index underlying symbols include IXB, SIXC, IXE, IXI, IXM, IXR, IXRE, IXT, IXU, IXV AND IXY, and corresponding option symbols include SIXB, SIXC, SIXE, SIXI, SIXM, SIXR, SIXRE, SIXT, SIXU, SIXV AND SIXY.

[9] Orders that yield fee code FF are not assessed a charge. *See* Cboe Options Fees Schedule, Fees and Associated Fee Codes, available at: *https://markets.cboe.com/us/options/membership/fee_schedule/cboe/*.

[10] *See* Cboe Options Fees Schedule, Footnote 34, which provides that Underlying Symbol List A includes OEX, XEO, RUT, RLG, RLV, RUI, UKXM, SPX (includes SPXW), SPESG and VIX.

[11] *See* Cboe Options Fees Schedule, Footnote 47, which provides that Sector Index underlying symbols include IXB, SIXC, IXE, IXI, IXM, IXR, IXRE, IXT, IXU, IXV AND IXY, and corresponding option symbols include SIXB, SIXC, SIXE, SIXI, SIXM, SIXR, SIXRE, SIXT, SIXU, SIXV AND SIXY.

[12] The proposed rule change also appends: footnote 39 to the Program, which provides that each Trading Permit Holder is responsible for notifying the Exchange of all of its affiliates and is required to inform the Exchange immediately of any event that causes an entity to cease to be an affiliate in a form and manner to be determined by the Exchange. An ''affiliate'' is defined as having at least 75% common ownership between two entities as reflected on each entity's Form BD, Schedule A; and footnote 41 to the Program, which provides, in relevant part, that Position Compression Cross (''PCC'') transactions will not count towards any volume thresholds.

Exchange to maintain a robust hybrid trading environment that serves to support price discovery and increased execution opportunities in open outcry, to the benefit of all market participants.

2. Statutory Basic

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.[13] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) [14] requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) [15] 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,[16] which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its TPHs and other persons using its facilities.

The Exchange believes that its proposed change to decrease the fee assessed for manual Professional orders yielding fee code ''WA'' is consistent with Section 6(b)(4) of the Act in that the proposed rule change is reasonable, equitable and not unfairly discriminatory. As noted above, the Exchange operates in highly competitive market. The Exchange is only one of several options venues to which market participants may direct their order flow, and it represents a small percentage of the overall market. The Exchange believes that the proposed fee is reasonable, equitable, and not unfairly discriminatory in that competing options exchanges offer similar fees in connection with Professional transactions in open outcry, as the Exchange now proposes.

The Exchange believes that the proposed rule change to decrease the fee assessed for Professional manual orders in Equity, ETF, and ETN Options and All Other Index Products yielding fee code ''WA'' is reasonable in that the proposed change reflects a competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange's trading floor, which the Exchange believes would enhance market quality to the benefit of all TPHs. The Exchange believes that the proposed rule change is equitable and not unfairly discriminatory because the proposed fee will apply automatically and uniformly to all Professional orders transacted in open outcry (*i.e.,* manual) which yield fee code ''WA''. Additionally, the proposed rule change is reasonable, equitable and not unfairly discriminatory because, as noted above, it is in-line with, albeit lower than, similar fees that other options exchanges with trading floors currently assess manual Professional transactions.[17]

Similarly, the Exchange believes that its proposed change to adopt the Floor Broker Sliding Scale Supplement Rebate Program is consistent with Section 6(b)(4) of the Act in that the proposed rule change is reasonable, equitable and not unfairly discriminatory. As noted above, the proposed change reflects a competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange's trading floor, which the Exchange believes would enhance market quality to the benefit of all TPHs. The Exchange notes that volume-based incentives and discounts have been widely adopted by exchanges,[18] including the Exchange,[19] and are reasonable, equitable and non-discriminatory because they are open to all TPHs on an equal basis and provide additional benefits or discounts that are reasonably related to (i) the value to an exchange's market quality and (ii) associated higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns. Additionally, as noted above, the Exchange operates in a highly competitive market. The Exchange is only one of several options venues to which market participants may direct their order flow, and it represents a small percentage of the overall market. Competing options exchanges offer similar tiered pricing structures to that of the Exchange, including incentive programs that offer rebates or rates that apply based upon TPHs achieving certain volume threshold.

In particular, the Exchange believes that the proposed Supplemental Rebate Program is reasonable and equitable because it is designed to incentivize increased order flow in multiply-listed FLEX options to the Exchange's trading floor. As noted above, the Exchange believes that incentivizing increased liquidity to its trading floor allows the Exchange to maintain a robust hybrid trading environment that serves to support price discovery and increased execution opportunities in open outcry, to the benefit of all market participants.

The Exchange believes that it is reasonable to apply the proposed additional rebates under the Supplemental Rebate Program to Non-Customer order flow as the Exchange recognizes that market participants that submit Non-Customer order flow provide different, yet key, liquidity to the Exchange's trading floor. For instance, Market-Maker activity, including Non-TPH Market-Makers (''M'' and ''N'' capacities), facilitates tighter spreads and signals additional corresponding increase in order flow from other market participants. Increased overall order flow benefits all investors by deepening the Exchange's liquidity pool, potentially providing even greater execution incentives and opportunities. Clearing TPHs (''F'' capacity), Non-Clearing TPH Affiliates (''L'' capacity), Broker-Dealers (''B'' capacity), and Joint Back-Offices (''J'' capacity) can be an important source of liquidity as they specifically facilitate the execution of customer orders, which, in turn, adds transparency, promotes price discovery and serves to attract other participants, thus providing

[13] 15 U.S.C. 78f(b).

[14] 15 U.S.C. 78f(b)(5).

[15] *Id.*

[16] 15 U.S.C. 78f(b)(4).

[17] *See e.g.,* NYSE American Options Fee Schedule, Section I, paragraph A (Rates for Options transactions), which assesses a fee of $0.25 per contract for manual NYSE American Options Professional Customer transactions; *see also* BOX Options Fee Schedule, Section V(A), Manual Transaction Fees: Qualified Open Outcry Order (''QOO'') and FLEX Open Outcry Orders (''FOO'') Order Fees, which assesses a fee of $0.10 per contract for manual Professional Customer orders.

[18] *See* NYSE Arca Options Fee Schedule, Manual Billable Rebate Program, which provides participating Floor Brokers that achieve more than 500,000 manual billable sides in a month an additional rebate of ($0.02) per billable side; and NYSE American Options Fee Schedule, E.1, Floor Broker Fixed Cost Prepayment Incentive Program (the ''FB Prepay Program''), which offers participating floor brokers rebates for achieving billable manual volume of certain amounts (the ''Manual Billable Rebate Program'').

[19] *See* Cboe Options Fees Schedule, Liquidity Provider Sliding Scale, Liquidity Provider Sliding Scale Adjustment Table, Volume Incentive Program, and Cboe Options Clearing Trading Permit Holder Proprietary Products Sliding Scale, each of which provides for a scale of rebates or reduced fees applicable to certain orders for various types of TPHs that meet certain volume thresholds under each program.

continuous liquidity to the Exchange. Also, Professionals (''U'' capacity) generally provide a greater competitive stream of order flow (by definition, more than 390 orders in listed options per day on average during a calendar month), thus, providing increased competitive execution and improved pricing opportunities for all market participants. The Exchange further believes that applying the additional rebates under the proposed Supplemental Rebate Program to Non-Strategy, multiply-listed order flow is reasonable as it is designed to compete with other option exchanges' for floor broker non-strategy order flow as other options exchanges' have fee schedules in place that offer similar incentives to their floor brokers that submit non-strategy orders for execution in open outcry.[20]

The Exchange believes that the proposed rebate amounts are reasonable as they are comparable to the rebates or reduced rates offered under similar volume-based incentive programs offered in the Fees Schedule.[21] For example, the Liquidity Provider Sliding Scale provides a reduced fee of between $0.23 to $0.03 per contract for Market-Maker orders (which are assessed a standard rate of $0.23 per contract) where a Market-Maker meets certain volume thresholds, a reduction of which the Exchange believes is comparable to the proposed rebates that range from $0.01 to $0.03. The Exchange also believes that it is reasonable to offer additional rebates for Non-Firm Facilitated order flow than for Firm Facilitated order flow (*i.e.,* where the same executing broker and clearing firm are on both sides of the transaction) because it wishes to further incentivize order flow that attracts contra-side interest from a wider variety of market participants, which may further contribute towards a robust, well-balance market ecosystem. Further, Firm Facilitated orders (*i.e.,* orders yielding fee code FF) are not currently charged any fees, as compared to Non-Firm Facilitated orders, which are assessed fees. The Exchange also notes that excluding Underlying Symbol List A, Sector Indexes, DJX, CBTX, MBTX, MRUT, MXEA, MXEF, MXACW, MXUSA, MXWLD, NANOS, SPEQX, XSP and FLEX Micros from the proposed program (thus, incentivizing increased order flow in multiply-listed options), as well as aggregating a TPH's volume with the volume of its affiliates for the purposes of calculating Volume each month, is consistent with the manner in which other incentive programs under the Fees Schedule exclude the same products[22] and/or aggregate volume and credits.[23] Additionally, the Exchange notes that Floor Brokers already have an opportunity to receive discounts on their fees for certain proprietary products under the Floor Brokerage Fees Discount Scale.[24]

The Exchange believes that the proposed Supplemental Rebate Program represents an equitable allocation of fees and is not unfairly discriminatory because the Supplemental Rebate Program, as proposed, will apply uniformly to all qualifying TPHs, in that all TPHs that submit the requisite order flow (*i.e.,* FLEX Floor Broker Volume in multiply-listed options) have the opportunity to compete for and achieve the proposed tiers. The proposed additional rebates will apply automatically and uniformly to all TPHs that achieve the proposed corresponding criteria.

The Exchange believes that the application of additional rebates received under the proposed Supplemental Rebate Program to TPHs that submit Non-Customer order flow is equitable and not unfairly discriminatory because such market participants provide unique and important liquidity to the Exchange's trading floor. Such order flow, as described above, may result in overall tighter spreads, attracting order flow from other market participants, more execution opportunities at improved prices, and/or deeper levels of liquidity, which may ultimately improve price transparency, provide continuous trading opportunities and enhance market quality on the Exchange, to the benefit of all market participants. The Exchange also notes that the Fees Schedule currently provides for many other incentive opportunities and rebate or reduced fee opportunities for Customer orders.[25]

In addition to this, while the Exchange has no way of knowing whether this proposed rule change would definitively result in any particular TPH qualifying for the proposed tiers, the Exchange believes that at least nine TPHs will reasonably be able to compete for and achieve the proposed criteria across the four proposed tiers by submitting the requisite volume. The Exchange notes, however, that the proposed tiers are open to any TPH that submits the requisite order flow to satisfy the tiers' criteria. The Exchange also does not believe the proposed tiers will adversely impact any TPH's pricing or ability to qualify for other fee programs. Rather, should a TPH not meet the criteria in any of the proposed tiers, the TPH will merely not receive the corresponding rebate.

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 proposed changes to increase the fee assessed for manual Professional orders yielding fee code ''WA'' will apply uniformly to all applicable market participants. Further, the Supplemental Rebate Program, as proposed, will apply uniformly to all qualifying TPHs, in that all TPHs that submit the requisite order flow (*i.e.,* FLEX Floor Broker Volume in multiply-listed options) have the opportunity to compete for and achieve the proposed tiers, and any additional rebates achieved under the Supplemental Rebate Program will apply equally to all Non-Firm Facilitated, Non-Customer, Non-Strategy, Floor Broker orders in

[20] *See* BOX Options Fee Schedule, Section V(C), QOO and FOO Order Rebate, which offers a rebate for floor broker orders of $0.10 or $0.05 per contract (depending on the capacity) and does not apply to Strategy QOO or FOO Orders; *see also* NYSE Arca Options Fee Schedule, Manual Billable Rebate Program, which provides all Floor Brokers that participate in the FB Prepay Program a rebate on manual billable volume of ($0.08) per billable side, provides participating Floor Brokers that achieve more than 500,000 manual billable sides in a month an additional rebate of ($0.02) per billable side, and excludes any volume calculated to achieve the Limit of Fees on Options Strategy Executions (''Strategy Cap''); and NYSE American Options Fee Schedule, E.1, Floor Broker Fixed Cost Prepayment Incentive Program (the ''FB Prepay Program''), which offers participating floor brokers rebates by achieving billable manual volume of certain amounts (the ''Manual Billable Rebate Program''), and does not apply to volume executed as part of Strategy Execution Fee Cap (that is, strategy orders).

[21] *See* Cboe Options Fees Schedule, Liquidity Provider Sliding Scale, Liquidity Provider Sliding Scale Adjustment Table, Volume Incentive Program, and Cboe Options Clearing Trading Permit Holder Proprietary Products Sliding Scale, each of which provides for a scale of rebates or reduced fees applicable to certain orders for various types of TPHs that meet certain volume thresholds under each program.

[22] *See e.g.,* Cboe Options Fees Schedule, Liquidity Provider Sliding Scale, Break-Up Credits table, Order Routing Subsidy Program, and Complex Order Routing Subsidy Program.

[23] *See e.g.,* Cboe Options Fees Schedule, Volume Incentive Program (VIP), Affiliate Volume Plan, QCC Rate Table, and Market-Maker EAP Appointments Sliding Scale.

[24] *See* Cboe Options Fees Schedule, Floor Brokerage Fees Discount Scale.

[25] *See generally* Cboe Options Fee Schedule, which generally assesses lower transaction fees for Customer orders as compared to other capacities; *see also* Cboe Options Fees Schedule, Customer Large Trade Discount, Break-Up Credits table, Select Customer Options Reduction (''SCORe'') Program, and QCC Rate Table.

multiply-listed options. The Exchange does not believe that the application of the proposed rebates to Non-Customer orders will impose any significant burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the Exchange recognizes that Non-Customer participation in the markets is essential to a robust hybrid market ecosystem as each contributes unique and important liquidity to the Exchange's trading floor, as described above. Such Non-Customer order flow may result in overall tighter spreads, attracting order flow from other market participants, more execution opportunities at improved prices, and/or deeper levels of liquidity, which may ultimately improve price transparency, provide continuous trading opportunities and enhance market quality on the Exchange, to the benefit of all market participants. The Exchange again notes that the Fees Schedule currently provides for many other incentive opportunities and rebate or reduced fee opportunities for Customer orders.[26]

Next, the Exchange believes the proposed rule change does not impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. As noted above, the fee change for manual Professional orders yielding fee code ''WA'' is in-line with similar fees that other options exchanges with trading floors currently assess manual market maker transactions,[27] and the competing options exchanges have similar incentive programs and discount opportunities in place in connection with floor broker order flow.[28] As previously discussed, the Exchange operates in a highly competitive market. TPHs have numerous alternative venues they may participate on and direct their order flow, including 17 other options exchanges. Additionally, the Exchange represents a small percentage of the overall market. Based on publicly available information, no single options exchange has more than 17% of the market share. Therefore, no exchange possesses significant pricing power in the execution of order flow. Indeed, participants can readily choose to send their orders to other exchanges if they deem fee levels at those other venues to be more favorable. As noted above, the Exchange believes that the proposed fee changes are comparable to that of other exchanges offering similar functionality. Moreover, the Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system ''has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.'' The fact that this market is competitive has also long been recognized by the courts. In *NetCoalition* v. *Securities and Exchange Commission*, the D.C. Circuit stated as follows: ''[n]o one disputes that competition for order flow is 'fierce.' . . . As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers.' . . .''. Accordingly, the Exchange does not believe its proposed fee change imposes any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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[29] and paragraph (f) of Rule 19b–4[30] 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 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–CBOE–2025–040 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–2025–040. 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 submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written

[26] *See generally* Cboe Options Fee Schedule, which generally assesses lower transaction fees for Customer orders as compared to other capacities; *see also* Cboe Options Fee Schedule, Customer Large Trade Discount, Break-Up Credits table, Select Customer Options Reduction (''SCORe'') Program, and QCC Rate Table.

[27] *See e.g.,* NYSE American Options Fee Schedule, Section I, paragraph A (Rates for Options transactions), which assesses a fee of $0.25 per contract for manual NYSE American Options Professional Customer transactions; *see also* BOX Options Fee Schedule, Section V(A), Manual Transaction Fees: Qualified Open Outcry Order (''QOO'') and FLEX Open Outcry Orders (''FOO'') Order Fees, which assesses a fee of $0.10 per contract for manual Professional Customer orders.

[28] *See* BOX Options Fee Schedule, Section V(C), QOO and FOO Order Rebate, which offers a rebate for floor broker orders of $0.10 or $0.05 per contract (depending on the capacity) and does not apply to Strategy QOO or FOO Orders; *see also* NYSE Arca Options Fee Schedule, Manual Billable Rebate Program, which provides all Floor Brokers that participate in the FB Prepay Program a rebate on manual billable volume of ($0.08) per billable side, provides participating Floor Brokers that achieve more than 500,000 manual billable sides in a month an additional rebate of ($0.02) per billable side, and excludes any volume calculated to achieve the Limit of Fees on Options Strategy Executions (''Strategy Cap''); and NYSE American Options Fee Schedule, E.1, Floor Broker Fixed Cost Prepayment Incentive Program (the ''FB Prepay Program''), which offers participating floor brokers rebates by achieving billable manual volume of certain amounts (the ''Manual Billable Rebate Program''), and does not apply to volume executed as part of Strategy Execution Fee Cap (that is, strategy orders).

[29] 15 U.S.C. 78s(b)(3)(A).

[30] 17 CFR 240.19b–4(f).

communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also 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–2025–040 and should be submitted on or before July 8, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[31]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2025–10969 Filed 6–16–25; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–103242; File No. SR–LCH SA–2025–004]

Self-Regulatory Organizations; LCH SA; Order Approving Proposed Rule Change Relating to Collateral Concentration Limits

June 12, 2025.

I. Introduction

On April 8, 2025, Banque Centrale de Compensation, which conducts business under the name LCH SA (''LCH SA''), filed with the Securities and Exchange Commission (the ''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act'') [1] and Rule 19b–4 thereunder,[2] a proposed rule change to change its collateral concentration limits. The proposed rule change was published for comment in the **Federal Register** on April 28, 2025.[3] The Commission did not receive comments regarding the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change.

II. Description of the Proposed Rule Change

LCH SA is a clearing agency registered with the Commission. Through its CDSClear business unit, LCH SA provides central counterparty services for security-based swaps, including credit default swaps and options on credit default swaps. LCH SA is an affiliate of LCH Ltd, through common ownership by LCH Group. LCH SA's ultimate parent company is London Stock Exchange Group.

LCH SA is proposing to revise the amount of supranational and European agency securities that clearing members may post to satisfy initial margin requirements. According to LCH SA, it is proposing these changes to respond to its members' need for increased collateral concentration limits, as clearing members seek less constrained collateral limits for high-quality collateral. LCH SA also is proposing to revise the current concentration limit per individual International Securities Identification Number (''ISIN'') with respect to the instrument's total outstanding amount.[4]

LCH SA currently allows clearing members to post, as collateral for initial margin requirements, supranational and European agency debt securities issued by the following entities:

- Caisse d'Amortissement de la Dette Sociale (''CADES'');
- European Financial Stability Facility (''EFSF'');
- European Investment Bank (''EIB'');
- European Stability Mechanism (''ESM'');
- European Union (''EU'');
- International Bank for Reconstruction and Development (''IBRD'');
- Kreditanstalt für Wiederaufbau (''KFW''); and
- Landwirtschaftliche Rentenbank (''Rentenbank'').

LCH SA currently applies a single concentration limit calculation across all clearing members, which is no more than the lower of (i) 50% of the value of the clearing member's initial margin requirement and (ii) €500 million for the total amount of supranational and European agency securities from these issuers. Any remaining initial margin requirements must be satisfied with either cash or other eligible securities.

Rather than apply the same concentration limit calculation across all issuers, LCH SA proposes to apply individual limits to the above issuers of supranational and European agency securities. LCH SA's Collateral and Liquidity Risk Management team (''CaLM'') will establish limits for each issuer based on a market analysis of the credit and liquidity risk profile of each issuer. LCH SA is proposing to establish the limit as the lower of (i) 50% of the value of the member's initial margin requirement and (ii) the following for each issuer:

- CADES €500 million.
- EFSF €750 million;
- EIB €1,250 million;
- ESM €750 million;
- EU €2,000 million;
- IBRD €750 million;
- KFW €1,250 million; and
- Rentenbank €500 million.

As part of this revision to the supranational and European agency securities' limits, LCH SA is also proposing to apply a more conservative concentration limit per ISIN of each security type from the above issuers, from the current level of 25% to 15%. LCH SA is making this change to the concentration limit through an update to the LCH SA Knowledge Center, which is a portion of its website only accessible to its Clearing Members.[5]

LCH SA uses collateral posted by a member to cover losses and liquidity needs in case of that member's default. Concentration of margin collateral in a particular issuer or security could jeopardize LCH SA's ability to use collateral for that purpose, if the issuer or security declines in value, or otherwise becomes difficult to liquidate, following a member default. To determine the respective limits for each security type, LCH SA assessed the Internal Credit Score (''ICS'') of each issuer, the total amount of each issue outstanding, and the weighted average of the yield bid-ask spread. LCH SA then assessed the liquidation cost for each issuer's ISIN by working with select investment counterparties to perform a hypothetical liquidation analysis at certain portfolio amounts under stressed market conditions. The results of this analysis were used to validate the proposed individual limits and evaluate the associated haircuts. Following this exercise, LCH SA determined that the limits reflected in the proposed rule change adequately incorporate the liquidity profile of the issue and the credit risk profile of the issuer, and that the proposed concentration limits have appropriately

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[31] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

[3] Securities Exchange Act Release No. 102905 (Apr. 22, 2025), 90 FR 17662 (Apr. 28, 2025) (File No. SR–LCH SA–2025–004) (''Notice'').

[4] Capitalized terms not otherwise defined herein have the meanings assigned to them in the LCH SA CDS Clearing Rule Book or CDS Clearing Procedures, as applicable.

[5] 90 FR 17663, FN 6.