The subject matter of the closed meeting will consist of the following topics:

Institution and settlement of injunctive actions; Institution and settlement of administrative proceedings; Resolution of litigation claims; and Other matters relating to examinations and enforcement proceedings.

At times, changes in Commission priorities require alterations in the scheduling of meeting agenda items that may consist of adjudicatory, examination, litigation, or regulatory matters.

CONTACT PERSON FOR MORE INFORMATION: For further information; please contact Vanessa A. Countryman from the Office of the Secretary at (202) 551–5400.

Authority: 5 U.S.C. 552b.

Dated: January 25, 2024.

J. Matthew DeLesDernier,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–99416; File No. SR–CBOE–2024–006]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of a Proposed Rule Change and Amendment No. 1 Thereto To List and Trade Options That Overlie a Reduced Value of the MSCI World Index, the Full Value of the MSCI ACWI Index, and a Reduced Value of the MSCI USA Index

January 23, 2024.

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 January 10, 2024, Cboe Exchange, Inc. (the ''Exchange'' or ''Cboe Options'') 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. On January 17, 2024, the Exchange filed Amendment No. 1 to the proposed rule change.[3] The Commission is publishing this notice to solicit comments on the proposed rule change, as modified by Amendment No. 1, 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 list and trade options that overlie a reduced value of the MSCI World Index, the full value of the MSCI ACWI Index, and a reduced value of the MSCI USA Index. 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 purpose of this proposed rule change is to amend certain rules to permit the Exchange to list and trade options that overlie a reduced value of the MSCI World Index, the full value of the MSCI ACWI Index, and a reduced value of the MSCI USA Index.[4] Each of these indexes is a free float-adjusted market capitalization index designed to measure equity market performance throughout the world (MSCI World and ACWI Indexes) or the United States (MSCI USA Index). MSCI World Index options (''MXWLD options''), MSCI ACWI Index options (''MXACW options''), and MSCI USA Index options (''MXUSA options'') would be P.M.-, cash-settled contracts with European-style exercise.

Index Design, Methodology, and Dissemination

The MSCI World, ACWI, and USA Indexes are calculated by MSCI Inc. (''MSCI''), which is a provider of investment support tools.[5] Each of these indexes is calculated in U.S. dollars on a real-time basis from the open of the first market on which the components are traded to the closing of the last market on which the components are traded. The methodology used to calculate each index is similar to the methodology used to calculate the value of other benchmark market-capitalization weighted indexes (including the MSCI EAFE and EM Indexes, on which the Exchange may currently list options).[6] Specifically, each index is based on the MSCI Global Investable Market Indexes (''GIMI'') Methodology.[7] The level of each index reflects the free float-adjusted market value of the component stocks relative to a particular base date and is computed by dividing the total market value of the companies in the index by the index divisor.

MSCI monitors and maintains each of the MSCI World, ACWI, and USA Indexes. Adjustments to each index are made on a daily basis with respect to corporate events and dividends. MSCI reviews each index on a quarterly basis (February, May, August and November) ''with the objective of reflecting the evolution of the underlying equity markets and segments on a timely basis, while seeking to achieve: [i]ndex continuity, [c]ontinuous investability of constituents and replicability of the indexes, and [i]ndex stability and low index turnover.'' [8] Each quarterly review of the MSCI World, ACWI, and USA Index involves, among other things, updating the constituent securities.[9]

For each of the MSCI World, ACWI, and USA Index, real-time data is distributed approximately every 15 seconds while the index is being calculated using MSCI's real-time

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

[2] 17 CFR 240.19b–4.

[3] In Amendment No. 1, the Exchange proposed to delete the proposed rule change to add MSCI USA Index options to the list of options in Rule 5.1(b)(2)(E) for which the last trading day will be the business day prior to the expiration date of the specific series. Therefore, under the proposal as modified by Amendment No. 1, the last trading day for these options would be the expiration date of the specific series.

[4] The proposed rule change amends Rule 4.13, Interpretation and Policy .06 to provide that the current index value of the reduced-value options on the MSCI World Index and the MSCI USA Index will be 1/100th the value of the applicable underlying index reported by the reporting authority.

[5] *See* proposed Rule 4.12(c) (adding MSCI Inc. as the reporting authority for MSCI World Index, MSCI ACWI Index, and MSCI USA Index).

[6] *See* current Rule 4.10(h); *see also* Securities Exchange Act Release No. 74681 (April 8, 2015), 80 FR 20032 (April 14, 2015) (SR–CBOE–2015–023) (order approving proposed rule change to adopt rules to permit listing and trading of options on the MSCI EAFE Index (''EAFE options'') and the MSCI EM Index) (''EM options'') (''MSCI EAFE and EM Approval'').

[7] *See* summary and comprehensive information about the GIMI methodology, *available at https://www.msci.com/index/methodology/latest/GIMI.*

[8] *See id.* at Section 3.

[9] *Id.*

calculation engine to major quotation vendors, including Bloomberg L.P. (''Bloomberg''), FactSet Research Systems, Inc. (''FactSet''), and LSEG Data & Analytics (''LSEG''). End of day data is distributed daily to clients through MSCI as well as through major quotation vendors, including Bloomberg, FactSet, and LSEG.

MSCI World Index

The MSCI World Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets. The MSCI World Index consists of component stocks from 23 developed markets.[10] The MSCI World Index consists of large- and mid-cap components across these markets, has 1,509 constituents, and covers approximately 85% of the free float-adjusted market capitalization in each country.[11] The MSCI World Index was launched on March 31, 1986.

The Exchange notes that the iShares MSCI World ETF exchange-traded fund (''ETF'') is an actively traded product. The Exchange also lists options overlying that ETF (''URTH options'') and those options are actively traded as well. MSCI World Index futures contracts (''MWS futures'') are listed for trading on the ICE Futures U.S.[12] and other derivatives contracts on the MSCI World Index are listed for trading in Europe.

The Exchange proposes to base trading in options on the MSCI World Index on a fraction of the full size of the index. In particular, the Exchange propose to list MXWLD options that are based on 1/100th of the value of the MSCI World Index. The Exchange believes that listing options on the reduced value of the index will attract a greater source of customer business than if options were based on the full value of the MSCI World Index. The Exchange further believes that listing options on a reduced value of the index may enhance investors' opportunities to hedge, or speculate on, the market risk associated with the stocks comprising the MSCI World Index. Additionally, by reducing the value of the MSCI World Index, investors will be able to use this trading vehicle while extending a smaller outlay of capital. The Exchange believes this may attract additional investors, and, in turn, create a more active and liquid trading environment.

MSCI ACWI Index

The MSCI ACWI Index is a free float-adjusted market capitalization index that is designed to measure the equity performance of developed markets and emerging markets. The MSCI ACWI Index consists of component stocks from 23 developed markets[13] and 24 emerging markets.[14] The MSCI ACWI Index consists of large- and mid-cap components across these markets, has 2,946 constituents, and covers approximately 85% of the global investable equity opportunity set.[15] The MSCI ACWI Index was launched on May 31, 1990.

The Exchange notes that the iShares MSCI ACWI ETF is an actively traded product. The Exchange also lists options overlying that ETF (''ACWI options'') and those options are actively traded as well. MSCI ACWI Index futures contracts (''MMW futures'') are listed for trading on the ICE Futures U.S.[16] and other derivatives contracts on the MSCI ACWI Index are listed for trading in Europe.

MSCI USA Index

The MSCI USA Index is a free float-adjusted market capitalization index that is designed to measure the performance of the large- and mid-cap segments of the U.S. market. The MSCI USA Index consists of large- and mid-cap components from the United States, has 625 constituents, and covers approximately 85% of the free float-adjusted market capitalization in the United States.[17] The MSCI USA Index was launched on March 31, 1986.

The Exchange notes that the Invesco MSCI USA ETF is an actively traded product.[18] MSCI USA Index futures contracts (''USS futures'') are listed for trading on the ICE Futures U.S.[19] and other derivatives contracts on the MSCI USA Index are listed for trading in Europe.

The Exchange proposes to base trading in options on the MSCI USA Index on a fraction of the full size of the index. In particular, the Exchange propose to list MXUSA options that are based on 1/100th of the value of the MSCI USA Index. The Exchange believes that listing options on the reduced value of the index will attract a greater source of customer business than if options were based on the full value of the MSCI USA Index. The Exchange further believes that listing options on a reduced value of the index may enhance investors' opportunities to hedge, or speculate on, the market risk associated with the stocks comprising the MSCI USA Index. Additionally, by reducing the value of the MSCI USA Index, investors will be able to use this trading vehicle while extending a smaller outlay of capital. The Exchange believes this may attract additional investors, and, in turn, create a more active and liquid trading environment.

Initial and Maintenance Listing Criteria

The Exchange proposes to apply to each of the MSCI World Index, MSCI ACWI Index, and MSCI USA Index the same initial listing criteria that currently apply to the MSCI EAFE Index and the MSCI EM Index.[20] Each of the MSCI World Index, the MSCI ACWI Index, and the MSCI USA Index satisfies the initial listing criteria currently set forth for EAFE and EM options, as set forth in Rule 4.10(h).[21] Specifically, with respect to each of the MSCI World, ACWI, and USA Index:

(1) the index is broad-based, as defined in Rule 4.11; [22]

(2) options on the index are designated as P.M.-settled index options;

(3) the index is capitalization-weighted, price-weighted, modified capitalization-weighted or equal dollar-weighted;

(4) the index consists of 500 or more component securities;

(5) all of the component securities of the index will have a market capitalization of greater than $100 million

(6) no single component security accounts for more than 15% of the weight of the index,

[10] These developed markets include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

[11] *See* MSCI World Index fact sheet (dated November 30, 2023), *available at* MSCI World Index.

[12] *See* MWS futures contract specifications, *available at* MSCI World NTR Index Future (*ice.com*).

[13] These developed markets include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

[14] These emerging markets include Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey, and the United Arab Emirates.

[15] *See* MSCI ACWI Index fact sheet (dated November 30, 2023), *available at* MSCI ACWI Index.

[16] *See* MMW futures contract specifications, *available at* MSCI ACWI NTR Index Future (*ice.com*).

[17] *See* MSCI USA Index fact sheet (dated November 30, 2023), *available at* MSCI USA Index.

[18] The Invesco MSCI USA ETF does not currently satisfy criteria for options trading on the Exchange pursuant to Rule 4.3.

[19] *See* USS futures contract specifications, *available at* MSCI USA GTR Index Futures (*ice.com*).

[20] *See* proposed Rule 4.10(h).

[21] The initial listing criteria in Rule 4.10(h) also apply to the FTSE Emerging Index (FTSE Emerging) and FTSE Developed Europe Index (FTSE Developed).

[22] Rule 4.11 defines a broad-based index as an index designed to be representative of a stock market as a whole or of a range of companies in unrelated industries.

and the five highest weighted component securities in the index do not, in the aggregate, account for more than 50% of the weight of the index;

(7) non-U.S. component securities (stocks or ADRs) that are not subject to comprehensive surveillance agreements do not, in the aggregate, represent more than: (A) 25% of the weight of the EAFE Index (each of the MSCI World, ACWI, and USA Indexes satisfies this criterium), (B) 27.5% of the weight of the EM Index, (C) 32.5% of the weight of the FTSE Developed Index, and (D) 35% of the weight of the FTSE Emerging Index;

(8) during the time options on the index are traded on the Exchange, the current index value is widely disseminated at least once every 15 seconds by one or more major market data vendors; [23]

(9) the Exchange reasonably believes it has adequate system capacity to support the trading of options on the index, based on a calculation of the Exchange's current Independent System Capacity Advisor (ISCA) allocation and the number of new messages per second expected to be generated by options on such index; and

(10) The Exchange has written surveillance procedures in place with respect to surveillance of trading of options on the index.

The Exchange also proposes to subject each of the MSCI World, ACWI, and USA Indexes to the maintenance listing standards set forth in Rule 4.10(i), which currently applies to the MSCI EAFE and EM Indexes: [24]

(1) the conditions stated in paragraphs (1), (2), (3), (4) (8), (9), and (10) above must continue to be satisfied; the conditions stated in paragraphs (5) and (6) above must be satisfied only as of the first day of January and July in each year; and the conditions set forth in paragraph (7) must be satisfied as of the first day of the month following MSCI's review of the weighting of the constituents in the applicable index but in no case less than a quarterly basis; and

(2) the total number of component securities in the index may not increase or decrease by more than 35% from the number of component securities in the index at the time of its initial listing.[25]

Because each of the MSCI World Index, MSCI ACWI Index, and MSCI USA Index has a large number of component securities and is based on the same methodology as the MSCI EAFE and EM Indexes, as discussed above, the Exchange believes it is appropriate for the initial and maintenance listing criteria (which require continual and periodic compliance) set forth under Rule 4.10(h) and (i) to also apply to the MSCI World, ACWI, and USA Index options.

General Trading

The Exchange proposes that MXWLD, MXACW, and MXUSA options will trade during the same hours as other index options, including EAFE and EM options. Specifically, the Exchange proposes to adopt Regular Trading Hours of 9:30 a.m. to 4:00 p.m. (Eastern time) for MXWLD, MXACW, and MXUSA options.[26]

As proposed, the last trading day for MXUSA options will be the day of expiration (from 9:30 a.m. to 4:00 p.m. (Eastern time), pursuant to Rule 5.1(b)(2)(A)). As set forth below, the Exchange proposes that MXUSA options will be p.m.-settled, which means the exercise settlement value of an expiring option is derived from the closing prices of the underlying components on the series expiration date. As noted above, the MSCI USA Index is comprised of components solely from the United States. Therefore, the components of the MSCI USA Index trade from 9:30 a.m. to 4:00 p.m. (Eastern time), including on the expiration date of the proposed MXUSA options. Allowing options to trade through their expiration (and thus on their day of expiration) will provide investors with the ability to modify their positions in response to changes in the prices of the underlying index components that will impact the settlement values of those options. This is consistent with the last trading day for other options on broad-based p.m.-settled indexes comprised of components solely from the United States.[27]

The Exchange proposes to amend Rule 5.1(b)(2)(E) to provide that the last trading day for MXWLD and MXACW options will be the business day prior to the expiration date of the specific series (from 9:30 a.m. to 4:00 p.m. (Eastern time), pursuant to Rule 5.1(b)(2)(A)).[28] As set forth below, the Exchange proposes that MXWLD and MXACW options will be p.m.-settled, which means the exercise settlement value of an expiring option is derived from the closing prices of the underlying components on the series expiration date. As noted above, each of the MSCI World Index and MSCI ACWI Index consists of components from 23 countries. Because the components of each of these indexes encompass multiple markets around the world (unlike the components of the MSCI USA Index, all of which trade in the United States and thus during regular U.S. trading hours of 9:30 a.m. to 4:00 p.m. (Eastern time)), the components are subject to varying trading hours. For each of these indexes, the first components open trading at approximately 4:00 p.m. (Eastern time) on the prior trading day, and the last components end trading at approximately 4:00 p.m. (Eastern time). As a result, trading in various components would end prior to the beginning of MXWLD and MXACW Regular Trading Hours at 9:30 a.m. (Eastern time).[29] As a result, the closing prices of those components, which are used to determine the exercise settlement value, will be determined prior to the time when the expiring options may begin trading on the expiration date. This increases the risk of providing liquidity in these products on that date. Generally, the prices of futures on the MSCI World and ACWI Indexes can be a proxy for the current level of the applicable index when options on those indexes are trading on the Exchange while the index level is not being disseminated. However, that is not the case on options' expiration dates, as the prices that will be used to determine the exercise settlement value are fixed once trading in the components ends, and thus futures trading prices after trading in those components end have no bearing on the exercise settlement value. Therefore, the Exchange believes it is appropriate to stop trading in expiring MXWLD and MXACW options on the business day prior to the expiration date.

[23] This listing criteria permits the Exchange to continue to trade EAFE, FTSE Developed, and FTSE Emerging options after trading in all component securities has closed for the trading day and the index level is no longer widely disseminated at least once every 15 seconds as long as corresponding futures contracts are still trading. This is inapplicable to MXWLD, MXACW, and MXUSA options, as the index level for each index will be widely disseminated through the end of trading for options on each index.

[24] The maintenance listing criteria in Rule 4.10(i) also apply to the FTSE Emerging Index (FTSE Emerging) and FTSE Developed Europe Index (FTSE Developed).

[25] This maintenance criteria applies a 10% threshold rather than a 35% threshold to the EM Index. As is the case with other index options authorized for listing and trading on Cboe Options, in the event the MSCI World Index, MSCI ACWI Index, or MSCI USA Index fails to satisfy the maintenance listing standards, the Exchange will not open for trading any additional series of options of that class unless such failure is determined by the Exchange not to be significant and the Commission concurs in that determination, or unless the continued listing of that class of index options has been approved by the Commission under Section 19(b)(2) of Act.

[26] *See* proposed Rule 5.1(b)(2)(A).

[27] For example, p.m.-settled options on the S&P 500 Index may trade on their expiration dates.

[28] Amendment No. 1 deletes the proposed rule change to add MXUSA options to the list of options in Rule 5.1(b)(2)(E). Therefore, as proposed in this Amendment No. 1, the last trading day for MXUSA options will be the expiration date of the specific series.

[29] For example, some components end trading at 10:45 p.m. (Eastern time) on the prior trading day. Trading in the other components ends at various times before and during the U.S. trading day.

Pursuant to Rule 5.3(a), bids and offers on MXWLD, MXACW, and MXUSA options (like all other options) must be expressed in terms of dollars and decimals per unit of the underlying index. Pursuant to Rule 5.4(a), the minimum increment for bids and offers on simple orders for options on these three indexes, as is the case for most other index options, will be $0.05 if the series trading price is lower than $3.00 and $0.10 if the series trading price is $3.00 or higher. Rule 5.4(b) provides that the minimum increment for bids and offers on complex orders in options on these three indexes will be $0.01 or greater (as determined by the Exchange) and that the legs may be executed in $0.01 increments.

MXWLD, MXACW, and MXUSA options will be subject to the same procedures for adding and deleting strikes for index options as other index options. Specifically, Rule 4.13, Interpretation and Policy .01 states the procedures for adding and deleting strike prices for index options are provided in Rule 4.5 and Interpretations and Policies related thereto, as otherwise generally provided by Rule 4.13, and as otherwise set forth in Rule 4.13, Interpretation and Policy .01.[30] The Exchange proposes to amend Rule 4.13, Interpretation and Policy .01(a) to provide that the interval between strike prices for MXWLD, MXACW, and MXUSA options will be no less than $5.00 if the strike price is $200 or above, and will be no less than $2.50 if the strike price is less than $200.00. This is consistent with the current strike intervals of many other index options, including EAFE and EM options.

Pursuant to Rule 4.20, the Exchange may authorize for trading a like flexible (''FLEX'') options class on any index if it may authorize for trading a non-FLEX option class on that index pursuant to Rule 4.10. Therefore, as proposed, the Exchange may authorize for trading FLEX Options on the MSCI World Index, MSCI ACWI Index, and MSCI USA Index, which the Exchange may authorize for trading pursuant to proposed Rule 4.10(h).

Additionally, Rule 5.6(c) permits Multi-Class Spread Orders, which are orders to buy a stated number of contracts of a broad-based index option and to sell an equal number, or an equivalent number, of contracts of a related broad-based index option. For purposes of Multi-Class Spread Orders, a ''broad-based index option'' is an option on a broad-based index, ETF, or exchange-traded note (''ETN'') listed in subparagraph (1) of the definition of Multi-Class Spread Order in Rule 5.6(c) or any other broad-based index or ETF or ETN derived from a broad-based index the Exchange determines creates an appropriate hedge with any other broad-based index option. The Exchange proposes to add MSCI World Index and MSCI ACWI Index, as well as corresponding ETFs URTH and ACWI, and the combinations of MXWLD and URTH options and MXACW and ACWI options to the list of permissible Multi-Class Spread Orders, as the Exchange has determined that these combinations create appropriate hedges (as do other MSCI options and corresponding ETF options).

Expiration Months, Settlement, and Exercise Style

Consistent with existing rules for other index options, including EAFE and EM options, the Exchange will allow up to twelve near-term expiration months for each of MXWLD, MXACW, and MXUSA options[31] as well as LEAPS.[32] These indexes would also be eligible for all other expirations permitted for other broad-based indexes, including Quarterly Index Expirations[33] and Weekly and End of Month Expirations.[34] Given that the MSCI World, ACWI, and USA Indexes are broad-based indexes and based on the same methodology as the MSCI EAFE and EM Indexes, as noted above, the Exchange believes it is appropriate for options on these three indexes to be eligible for the same expirations for which the options on other broad-based indexes, including MSCI EAFE and EM Indexes, are eligible under current rules.

MXWLD, MXACW, and MXUSA options will be P.M.-, cash-settled contracts with European-style exercise.[35] The Exchange believes that P.M.-settlement is appropriate for MXWLD and MXACW options due to the natures of the underlying indexes that encompass multiple markets around the world. The components of each index open with the start of trading in certain parts of Asia at approximately 4:00 p.m. (Eastern time) (prior day) and close with the end of trading in North America at approximately 4:00 p.m. (Eastern time) (next day) as closing prices from North American countries are accounted for in the closing calculation. The Exchange further believes that P.M.-settlement is appropriate for MXWLD and MXACW options, as well as MXUSA options, because the Exchange understands that investors prefer to be able to trade out of positions during the entire final day of trading. The Exchange notes the Commission recently approved proposals to make other pilots permitting P.M.-settlement of index options permanent after finding those pilots were consistent with the Act and the options subject to those pilots had no significant impact on the market.[36] Rule 4.13(e) currently permits the Exchange to list P.M.-settled weekly and end-of-month expirations for all broad-based index options, which would include MXWLD, MXACW, and MXUSA options.

The Exchange proposes to amend Rule 4.13(a)(3) to add MXWLD, MXACW, and MXUSA options to the list of other European-style (and P.M.-settled) index options. European-style (and P.M.-settled) exercise is consistent with many index options, as set forth in Rule 4.13(a)(3). EAFE and EM options are also P.M.-settled with European-style exercise. Given that the MSCI World, ACWI, and USA Indexes are broad-based indexes and based on the same methodology as the MSCI EAFE and EM Indexes, as noted above, the Exchange believes it is appropriate for options on these three indexes to have the same settlement and exercise style as the other MSCI Index options.

Like other index options, the exercise settlement amount of MXWLD, MXACW, and MXUSA options will be equal to the difference between the exercise settlement value (with respect to MXWLD and MXUSA options, 1/100th of the official closing value of the MSCI World Index and MSCI USA Index, respectively, and, with respect to MXACW options, the official closing value of the MSCI ACWI Index, each as

[30] These Rules set forth the criteria for listing initial and additional series of the same class as the current value of the underlying index moves. Generally, additional series must be ''reasonably related'' to the current index value, which means that strike prices must be within 30% of the current index value. New series of index option contracts may be added up to the fifth business day prior to expiration. Series exceeding the 30% range may be listed based on demonstrated customer interest. *See* Rule 4.13, Interpretations and Policies .01 and .04.

[31] *See* proposed Rule 4.13(a)(2).

[32] Pursuant to Rule 4.13(b)(1), the Exchange may list up to 10 expiration months of long-term index option series (''LEAPS'') that expire from 12 to 180 months from the date of issuance.

[33] *See* Rule 4.13(c).

[34] *See* Rule 4.13(e).

[35] *See* Proposed Rule 4.13(a)(3).

[36] *See* Securities Exchange Act Release Nos. 98454 (September 20, 2023) (SR–CBOE–2023–005) (order approving proposed rule change to make permanent the operation of a program that allows the Exchange to list p.m.-settled third Friday-of-the-month SPX options series); 98455 (September 20, 2023) (SR–CBOE–2023–019) (order approving proposed rule change to make permanent the operation of a program that allows the Exchange to list p.m.-settled third Friday-of-the-month XSP and MRUT options series); and 98456 (September 20, 2023) (SR–CBOE–2023–020) (order approving proposed rule change to make the nonstandard expirations pilot program permanent).

reported by the reporting authority on the day on which the index option contract is exercised) and the exercise price of the option (multiplied by the contract multiplier of $100).[37]

Position and Exercise Limits

The Exchange proposes to amend Rule 8.31(a) to apply a position limit of 50,000 contracts (with no restrictions) to MXWLD, MXACW, and MXUSA options.[38] This is the same position limit that currently exists for many other broad-based index options, including EAFE and EM options.[39] Pursuant to Rule 8.42(b), the exercise limit for these options will be equivalent to the proposed position limit of 50,000 contracts. As set forth in Rule 8.31(d), positions in MXWLD options and MXUSA options (which are proposed to be reduced-value index options) will be aggregated with positions in full-value indexes.[40] All position limit hedge exemptions would apply.

Margin

MXWLD, MXACW, and MXUSA options will be margined as ''broad-based index'' options. Under the Exchange's Rules, particularly Rule 10.3(c)(5)(A), the margin requirement for a short put or call will be 100% of the current market value of the contract plus 15% of the ''product of the current index group value and the applicable index multiplier,'' reduced by any out-of-the-money amount. There would be a minimum margin requirement of 100% of the current market value of the contract plus: 10% of the aggregate put exercise price amount in the case of puts, and 10% of the product of the current index group value and the applicable index multiplier in the case of calls. Additional margin may be required under the Rules, including pursuant to Rules 10.3(h) and 10.10.

Surveillance and Capacity

The Exchange represents that it has an adequate surveillance program in place for MXWLD, MXACW, and MXUSA options and intends to use the same surveillance procedures currently utilized for each of the Exchange's other index options to monitor trading in these options. The Exchange is a member of the Intermarket Surveillance Group (''ISG''), along with numerous other self-regulatory bodies across the world. ISG provides a framework for sharing information and coordinating regulatory efforts among exchanges trading securities and related products.[41] The Exchange is also an affiliate member of the International Organization of Securities Commissions (''IOSCO''), which has members from over 100 different countries. Each of the countries from which there is a component security in both the MSCI EAFE and MSCI EM Indexes is a member of IOSCO.[42] Finally, the Exchange has entered into various comprehensive surveillance agreements (''CSAs'') and/or Memoranda of Understanding with various stock exchanges. Given the capitalization of the EAFE and EM Indexes and the deep and liquid markets for the securities underlying these Indexes, the concerns for market manipulation and/or disruption in the underlying markets are greatly reduced.

The Exchange has analyzed its capacity and represents that it believes the Exchange and the Options Price Reporting Authority (''OPRA'') have the necessary systems capacity to handle the additional traffic associated with the listing of new series that would result from the introduction of MXWLD, MXACW, and MXUSA options. Because the proposal is limited to three classes, the Exchange believes any additional traffic that would be generated from the introduction of the MSCI World, ACWI, and USA Index options would be manageable.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.[43] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[44] 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)[45] 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 that the proposal to permit the Exchange to list and trade options on each of the MSCI World Index, the MSCI ACWI Index, and the MSCI USA Index will 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, because the proposed rule change will introduce new index option products to the marketplace. As a result, investors will have additional and different opportunities to hedge or speculate on the market risk associated with these indexes by offering exchange-listed options directly on the indexes. Further, the proposed rule change is consistent with current Rules, which were previously approved by the

[37] *See* Rule 4.13, Interpretation and Policy .05. If the exercise settlement value is not available or the normal settlement procedure cannot be utilized due to a trading disruption or other unusual circumstance, the settlement value would be determined in accordance with the rules and bylaws of The Options Clearing Corporation (''OCC''). *See* OCC Bylaws, Article XVII, Section 4.

[38] Additionally, the Exchange proposes to amend Rule 8.35(a)(6) to provide that, like FLEX Options on the MSCI EAFE Index and MSCI EM Index, the position limits for FLEX options on the MSCI World Index, MSCI ACWI Index, and MSCI USA Index are equal to the position limits for the non-FLEX options on these indexes (which is 50,000 contracts, as proposed). Pursuant to Rule 8.42(g), the exercise limit for FLEX index options (which would include FLEX options on the MSCI World, ACWI, and USA Indexes) will be equivalent to the FLEX position limits prescribed in Rule 8.35(a)(6). As set forth in Rule 8.35(b), in calculating the applicable contract reporting amount for that rule, reduced-value contracts (such as the proposed MXWLD and MXUSA options) will be aggregated with full-value contracts and counted by the amount by which they equal a full-value contract.

[39] *See* Rule 8.31(a).

[40] For example, if an index is reduced by one-tenth, 10 reduced-value contracts equal one contract. If an index is reduced by 1/100, 100 reduced-value contracts will equal one contract. *See* Rule 8.31(d). The Exchange notes it currently does not list, nor plan to list, options on the full value of the MSCI World Index or MSCI USA Index.

[41] *See* list of current ISG members, *available at* Search Results—Members—isg (isgportal.org).

[42] *See* list of current ordinary IOSCO members, *available at http://www.iosco.org/about/?subsection=membership&memid=1.* There are three categories of IOSCO members: ordinary, associate and affiliate. In general, the ordinary members (124) are the national securities commissions in their respective jurisdictions. Associate members (12) are usually agencies or branches of government, other than the principal national securities regulator in their respective jurisdictions that have some regulatory competence over securities markets, or intergovernmental international organizations and other international standard-setting bodies, such as the IMF and the World Bank, with a mission related to either the development or the regulation of securities markets. Affiliate members (62) are self-regulatory organizations, stock exchanges, financial market infrastructures, investor protection funds and compensation funds, and other bodies with an appropriate interest in securities regulation. *See* IOSCO Fact Sheet, *available at http://www.iosco.org/about/pdf/IOSCO-Fact-Sheet.pdf.*

[43] 15 U.S.C. 78f(b).

[44] 15 U.S.C. 78f(b)(5).

[45] *Id.*

Commission.[46] Specifically, each of MSCI World Index, MSCI ACWI Index, and MSCI USA Index satisfies the same initial listing criteria as four other broad-based indexes on which the Exchange is currently permitted to list options.[47] These indexes will also be subject to the same maintenance criteria as these other broad-based indexes.[48] These include the MSCI EAFE Index and MSCI EM Index, each of which is calculated using the same methodology as the MSCI World Index, MSCI ACWI Index, and MSCI USA Index.[49] Additionally, the proposed index options will be subject to the same rules regarding trading hours,[50] trading increments, the number of permissible expirations, strike intervals, settlement, and exercise style that apply to other currently listed broad-based index options, including EAFE and EM options.[51] The Exchange has observed no trading or capacity issues in EAFE or EM option trading given the number of permissible expirations, p.m.-settlement, and European-style exercise. Given the similarities of these indexes and the MSCI World Index, MSCI ACWI Index, and MSCI USA Index, including that there are other products available in the market on the same indexes, the Exchange believes it is reasonable and appropriate to list options on these indexes with similar terms as EAFE and EM options. The Exchange believes this will benefit investors, as it will provide market participants with additional investment and hedging strategies consisting of options over each of these indexes.

The Exchange believes the proposed rule changes regarding the last day of trading for MXWLD, MXACW, and MXUSA options will remove impediments to and perfect the mechanism of a free and open market and benefit investors. The Exchange understands that Market-Makers and other liquidity providers will generally price these options using the disseminated index values and data from the markets on which the components trade (as they do for EAFE and EM options). As noted above, when these markets are not trading during U.S. trading hours, these liquidity providers can price the options using prices of futures trading on the MSCI World and ACWI Indexes. While those futures prices can serve as a proxy for the index value, they would not be able to serve as a proxy for the settlement value on the expiration date for MXWLD and MXACW options. This is because the futures pricing is intended to represent the then-current index value, but does not incorporate the closing prices of the components that will be used to determine the settlement value. This would create risk for Market-Makers and other liquidity providers, as they would have no data they can use to price the expiring options based on the ultimate settlement value. This could result in trades at prices inconsistent with the settlement value of those options. The Exchange believes the proposed rule change will remove impediments to and perfect the mechanism of a free and open market by eliminating this pricing risk for liquidity providers on the last trading day of expiring series in these products and may provide more competitive pricing and additional trading opportunities for expiring series, which ultimately benefits investors. Other options stop trading on the business day preceding expiration.[52]

The Exchange proposes that the last day of trading for MXUSA options will be their expiration dates, like most p.m.-settled options the Exchange lists. Unlike the MSCI World and ACWI Indexes, all of the components of the MSCI USA Index trade on U.S. markets. Thus, the prices of those components will be changing on the expiration date of MXUSA options from 9:30 a.m. to 4:00 p.m. (Eastern time) on the options' expiration dates. As noted above, the Exchange understands that Market-Makers and other liquidity providers will generally price these options using the disseminated index values and data from the markets on which the components trade. With respect to the MSCI USA Index, its underlying components will be trading from 9:30 a.m. to 4:00 p.m. (Eastern time) on the expiration date of MXUSA options, and thus up until the time (4:00 p.m. (Eastern time)) when MSCI will disseminate the closing value of the index. Permitting trading on the expiration date for the MXUSA options will allow Market-Makers and other liquidity providers to update the prices of expiring options in response to changes in the prices of the index components on that date, which changes will be incorporated into the settlement value of those options. The Exchange believes the proposed rule change will remove impediments to and perfect the mechanism of a free and open market by encouraging liquidity providers to provide more competitive pricing and additional trading opportunities for expiring series at prices that reflect the then-current value of the index and its components. Additionally, permitting trading in MXUSA options on their expiration dates will permit investors to be able to trade out of positions in response to pricing changes of those components during the entire final day of trading before the options' settlement. Other p.m.-settled index options stop trading on their expiration dates.[53]

The Exchange believes offering options on a reduced value of each of the MSCI World Index and MSCI USA Index will benefit investors, as it will attract a greater source of customer business than if options were based on the full value of those indexes.[54] The Exchange further believes that listing options on a reduced value of the index may enhance investors' opportunities to hedge, or speculate on, the market risk associated with the stocks comprising the MSCI World Index and MSCI USA Index. Additionally, by reducing the value of the MSCI World Index and MSCI USA Index, investors will be able to use this trading vehicle while extending a smaller outlay of capital. The Exchange believes this may attract additional investors, and, in turn, create a more active and liquid trading environment.

The Exchange also believes the proposed rule change is consistent with Section 6(b)(1) of the Act,[55] which provides that the Exchange be organized and have the capacity to be able to carry out the purposes of the Act and to enforce compliance by the Exchange's Trading Permit Holders (''TPHs'') and persons associated with its TPHs with the Act, the rules and regulations

[46] *See* MSCI EAFE and EM Approval.

[47] *See* current Rule 4.10(h).

[48] *See* current Rule 4.10(i).

[49] These indexes also have the same reporting authority as the MSCI EAFE Index and MSCI EM Index.

[50] As discussed above and below, the proposed last trading of expiring MXWLD and MXACW options will be the day prior to expiration, as is the case for EAFE and EM options, while the proposed last trading day of expiring MXUSA options will be the day of expiration, as is the case for p.m.-settled options overlying broad-based index options comprised solely of U.S. components.

[51] *See* Rules 4.13 (including paragraphs (a)(2) and (3), (b), (c) and (e) and Interpretation and Policy .01), 5.1(b)(2), 5.3(a), and 5.4.

[52] *See, e.g.,* Rule 5.1(b)(2)(E) (pursuant to which the last trading day for EAFE and EM options will be the business day prior to the expiration date of the specific series).

[53] *See, e.g.,* Rule 5.1(b)(2)(C) (pursuant to which the last trading day for SPX options is the expiration date of the specific series).

[54] At the close of trading on January 8, 2024, the value of the MSCI World Index was 3153.60, and the value of the MSCI USA Index was 4,541.61. For comparison, the value of the MSCI ACWI Index was 720.07. The Exchange currently has authority to list several reduced-value index options (particularly on indexes with values of 1,000 or more), such as the S&P 500 Index and the Russell 2000 Index. *See* Rule 4.13, Interpretation and Policy .06.

[55] 15 U.S.C. 78f(b)(1).

thereunder, and the rules of the Exchange. The Exchange represents that it has the necessary systems capacity to support the new option series given these proposed specifications. The Exchange believes the existing surveillance procedures and reporting requirements at the Exchange and other self-regulatory organizations are capable of properly identifying disruptive and/or manipulative trading activity that may arise from listing and trading MXWLD, MXACW, and MXUSA options. The Exchange also represents it has adequate surveillances in place to detect potential manipulation, as well as reviews in place to identify potential changes in composition of the underlying indexes and continued compliance with the Exchange's listing standards. These procedures utilize daily monitoring of market activity via automated surveillance techniques to identify unusual activity in both options and the underlyings, as applicable.[56] The Exchange also notes that large stock holdings must be disclosed to the Commission by way of Schedules 13D or 13G,[57] which are used to report ownership of stock which exceeds 5% of a company's total stock issue and may assist in providing information in monitoring for any potential manipulative schemes.

Additionally, the proposed position and exercise limits that would apply to MXWLD, MXACW, and MXUSA options are similar to the current position and exercise limits that apply to other broad-based index options, and the same as those that apply to EAFE and EM options. The Exchange further notes that current Rules that apply to the trading of other index options traded on the Exchange, such as EAFE and EM options, would also apply to the trading of MXWLD, MXACW, and MXUSA options, such as, for example, Rules governing customer accounts, margin requirements, and trading halt procedures. The proposed index options would be subject to the same reporting requirements as other index options, which require that each TPH or TPH organization that maintains positions in the options on the same side of the market, for its own account or for the account of a customer, report certain information to the Exchange. This information would include, but would not be limited to, the options' positions, whether such positions are hedged and, if so, a description of the hedge(s). Market-Makers[58] (including Designated Primary Market-Makers (''DPMs''))[59] would continue to be exempt from this reporting requirement, however, the Exchange may access Market-Maker position information.[60] Moreover, the Exchange's requirement that TPHs file reports with the Exchange for any customer who held aggregate large long or short positions on the same side of the market of 200 or more options contracts of any single class for the previous day will remain at this level for the options subject to this proposal and will continue to serve as an important part of the Exchange's surveillance efforts.[61]

The Exchange believes the current financial requirements imposed by the Exchange and by the Commission adequately address concerns regarding potentially large, unhedged positions on index options, further promoting just and equitable principles of trading and the maintenance of a fair and orderly market. Current margin and risk-based haircut methodologies serve to limit the size of positions maintained by any one account by increasing the margin and/or capital that a TPH must maintain for a large position held by itself or by its customer.[62] In addition, Rule 15c3–1[63] imposes a capital charge on TPHs to the extent of any margin deficiency resulting from the higher margin requirement.

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, because MXWLD, MXACW, and MXUSA options will be available to all market participants and will trade in the same manner as other index options in accordance with the Exchange's Rules.

The Exchange does not believe that 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, and instead believes the proposed rule change will enhance competition among market participants by introducing new index options to the market that may compete with other products currently available in the market (such as U.S.- and European-traded derivatives on the same indexes). As discussed above, the MSCI World Index, MSCI ACWI Index, and MSCI USA Index each satisfies the same initial listing criteria that currently applies to the MSCI EAFE Index and MSCI EM Index (as well as the FTSE Developed and FTSE Emerging Index). Additionally, the proposed terms of these index options (including the number of expirations, settlement, and exercise style) are consistent with current rules applicable to many other broad-based index options.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

A. by order approve or disapprove such proposed rule change, or

B. institute proceedings to determine whether the proposed rule change should be 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, as modified by Amendment No. 1, is consistent with the Act. Comments may be submitted by any of the following methods:

[56] The Exchange believes these procedures have been effective for the surveillance of trading other broad-based index options, including EAFE and EM options, and will continue to employ them with respect to MXWLD, MXACW, and MXUSA options.

[57] 17 CFR 240.13d–1.

[58] A Market-Maker ''Trading Permit Holder registered with the Exchange pursuant to Rule 3.52 for the purpose of making markets in option contracts traded on the Exchange and that has the rights and responsibilities set forth in Chapter 5, Section D of the Rules.'' *See* Rule 1.1.

[59] A DPM is a TPH organization that is approved by the Exchange to function in allocated securities as a Market-Maker (as defined in Rule 8.1) and is subject to the obligations under Rule 5.54 or as otherwise provided under the rules of the Exchange. *See* Rule 1.1.

[60] The Options Clearing Corporation (''OCC'') through the Large Option Position Reporting (''LOPR'') system acts as a centralized service provider for TPH compliance with position reporting requirements by collecting data from each TPH or TPH organization, consolidating the information, and ultimately providing detailed listings of each TPH's report to the Exchange, as well as Financial Industry Regulatory Authority, Inc. (''FINRA''), acting as its agent pursuant to a regulatory services agreement (''RSA'').

[61] *See* Rule 8.43 for reporting requirements.

[62] *See* Rule 10.3 for a description of margin requirements.

[63] 17 CFR 240.15c3–1.

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–2024–006 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–2024–006. 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, as modified by Amendment No. 1, that are filed with the Commission, and all written 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–2024–006 and should be submitted on or before February 20, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[64]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2024–01620 Filed 1–26–24; 8:45 am]

BILLING CODE 8011–01–P

[64] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meetings

TIME AND DATE: Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94–409, that the Securities and Exchange Commission will hold an Open Meeting on Wednesday, January 31, 2024, at 10:00 a.m. (ET).

PLACE: The meeting will be held in Auditorium LL–002 at the Commission's headquarters, 100 F Street NE, Washington, DC 20549 and will be simultaneously webcast on the Commission's website at *www.sec.gov.*

STATUS: This meeting will begin at 10:00 a.m. (ET) and will be open to the public. Seating will be on a first-come, first-served basis. Visitors will be subject to security checks. The meeting will be webcast on the Commission's website at *www.sec.gov.*

MATTERS TO BE CONSIDERED:

1. The Commission will consider whether to adopt new rules to further define the phrase ''as a part of a regular business'' as used in the statutory definitions of the terms ''dealer'' and ''government securities dealer'' under the Securities Exchange Act of 1934, in connection with certain liquidity providers.

CONTACT PERSON FOR MORE INFORMATION: For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact Vanessa A. Countryman from the Office of the Secretary at (202) 551–5400.

Authority: 5 U.S.C. 552b.

Dated: January 24, 2024.

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2024–01758 Filed 1–25–24; 11:15 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–99414; File No. SR–CboeBZX–2024–006]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change To Amend Rule 11.9(c)(6) and Rule 11.13(a)(4)(D) To Permit the Use of BZX Post Only Orders at Prices Below $1.00

January 23, 2024.

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 January 8, 2024, Cboe BZX Exchange, Inc. (the ''Exchange'' or ''BZX'') 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.

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

[2] 17 CFR 240.19b–4.

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

Cboe BZX Exchange, Inc. (the ''Exchange'' or ''BZX'') proposes to amend Rule 11.9(c)(6) and Rule 11.13(a)(4)(D) to permit the use of BZX Post Only Orders at prices below $1.00. 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://markets.cboe.com/us/equities/regulation/rule_filings/bzx/*), 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

Trading in sub-dollar securities both on- and off-exchange has grown significantly since early 2019. An analysis of SIP[3] data by the Exchange found that sub-dollar average daily volume has increased 313% as compared to volumes in the first quarter of 2019.[4] During this period, on-exchange average daily volume in sub-dollar securities grew from 442 million

[3] The ''SIP'' refers to the centralized securities information processors.

[4] *See* ''How Subdollar Securities are Trading Now'' (March 16, 2023). Available at *https://www.cboe.com/insights/posts/how-subdollar-securities-are-trading-now/.*