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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2021 - * 083

Amendment No. (req. for Amendments *) 1

Filing by Cboe BZX Exchange, Inc.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input type="checkbox"/>	Amendment * <input checked="" type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>
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Rule

<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010
Section 806(e)(1) *

Section 806(e)(2) *

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) *

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Rebecca Last Name * Tenuta

Title * Senior Counsel

E-mail * [REDACTED]

Telephone * [REDACTED] Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, Cboe BZX Exchange, Inc. has duty caused this filing to be signed on its behalf by the undersigned thereunto duty authorized.

Date 03/08/2022

(Title *)

By Laura G. Dickman

(Name *)

VP, Associate General Counsel

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Laura Dickman Date: 2022.03.08 09:51:49 -06'00'

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDFS website.

Form 19b-4 Information *

Add Remove View

Amendment No. 1 2021-083 (BZX MR

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

Amendment No. 1 2021-083 (BZX MR

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies *

Add Remove View

Amendment No. 1 2021-083 (BZX MR

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Exhibit 2- Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Amendment No. 1 2021-083 (BZX MR

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Amendment No. 1 2021-083 (BZX MR

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

Add Remove View

Amendment No. 1 2021-083 (BZX MR

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

Amendment No. 1 2021-083 (BZX MR

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

Partial Amendment

Add Remove View

Amendment No. 1 2021-083 (BZX MR

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

Item 1. Text of the Proposed Rule Change

(a) Cboe BZX Exchange, Inc. (the “Exchange” or “BZX Options”) proposes to amend Rule 25.3, which governs the Exchange’s Minor Rule Violation Plan (“MRVP”), in connection with certain minor rule violations and applicable fines. The Exchange initially submitted this rule filing SR-CboeBZX-2021-083 to the Securities and Exchange Commission (“Commission”) on December 6, 2021 (the “Initial Rule Filing”). This Amendment No. 1 supersedes the Initial Rule Filing and replaces it in its entirety. Amendment No. 1 merely provides additional detail and clarification to the Form 19b-4 regarding the manner in which the Exchange may treat violations of a Market Maker’s quoting obligations, currently and as proposed, corrects an inadvertent error in the Exhibit 5 and, in light of the proposed rule changes, also removes a superfluous provision in the Exhibit 5 to provide for additional clarity. The text of the proposed rule change is provided in Exhibit 5.

(b) Not applicable.

(c) Not applicable.

Item 2. Procedures of the Self-Regulatory Organization

(a) The Exchange’s President (or designee) pursuant to delegated authority approved the proposed rule change on November 30, 2021.

(b) Please refer questions and comments on the proposed rule change to Pat Sexton, Executive Vice President, General Counsel, and Corporate Secretary, [REDACTED], [REDACTED], or [REDACTED], Cboe BZX Exchange, Inc., 400 South LaSalle, Chicago, Illinois 60605.

Item 3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

The Exchange proposes to amend its MRVP in Rule 25.3 in connection with certain minor rule violations and applicable fines. Rule 25.3 provides for disposition of specific violations through assessment of fines in lieu of conducting a formal disciplinary proceeding.¹ Current Rule 25.3(a)-(g) sets forth a list of specific Exchange Rules under which an Options Member, associated person of an Options Member, or registered or non-registered employee of an Options Member may be subject to a fine for violations of such Rules and the applicable fines that may be imposed by the Exchange.

Specifically, the proposed rule change amends Rule 25.3 by: (1) eliminating violations of Rule 22.6(a) (regarding Market Maker firm quotes) in Rule 25.3(c), which currently imposes fines for violations of Rules 22.6(a) through (c) (Market Maker Quotations); (2) relocating violations of Rule 22.6(b) (regarding Market Maker initial quote volume requirements) and Rule 22.6(c) (regarding Market Maker two-sided quote requirements) to Rule 25.3(d),² which currently imposes fines for violations of Rule 22.6(d) (regarding Market Maker continuous quoting obligations) so that a single MRVP provision governs violations of a Market Maker’s quoting obligations; and (3) updating the fine

¹ The Exchange may, with respect to any such violation, proceed under Rule 8.15 (Imposition of Fines for Minor Violation(s) of Rules) and impose the fine set forth in Rule 25.3(a)-(g).

² As a result of the proposed elimination or relocation of the rule violations listed under Rule 25.3(c), the proposed rule change ultimately eliminates Rule 25.3(c) from the MRVP and subsequently renumbers current Rules 25.3(d), 25.3(e), 25.3(f) and 25.3(g) to Rules 25.3(c), 25.3(d), 25.3(e) and 25.3(f), respectively. In addition to this, the proposed rule change makes a nonsubstantive formatting change to Rule 25.3(e) (25.3(d), as amended) to denote with a “(2)” where subparagraph (2) begins, which is titled “American-Style, Cash-Settled Index Options”.

schedule applicable to minor rule violations related to Market Maker quoting obligations (i.e., Rules 22.6(b)-(d), as proposed) in Rule 25.3(d).

First, the proposed rule change eliminates the violation of 22.6(a) currently in Rule 25.3(c) of the MRVP. Specifically, Rule 22.6(a) requires a Market Maker to submit bids and offers that are firm for all orders. The Exchange no longer believes violations of Rule 22.6(a) to be minor in nature and therefore proposes to remove it from the list of rules in Rule 25.3 eligible for a minor rule fine disposition. Particularly, the Exchange believes that violations of Rule 22.6(a), to the extent they would occur,³ may directly impact trading on the Exchange, the maintenance of a fair and orderly market and customer protections because honoring firm quotations is vital in promoting efficient functioning of intermarket price priority and trading in general. Pursuant to Rule 25.3, the Exchange is not required to proceed under said Rules as to any rule violation and may, whenever such action is deemed appropriate, commence a disciplinary proceeding under Chapter VIII (Discipline) rules as to any such violation. The Exchange notes that the proposed rule change is consistent with the MRVP of its affiliated options exchange, Cboe Exchange, Inc. (“Cboe Options”), which recently filed a proposal, approved by the Commission,⁴ to no longer include such violations as eligible for a minor rule disposition on Cboe Options for the same reason—it no longer believed violations of the firm quote requirement to be minor in nature.

³ The Exchange notes that Market Maker bids and offers entered on the Exchange’s all-electronic trading platform are firm for all orders for the number of contracts specified in the bid and offer, subject to the exceptions noted in Rule 22.6(a) and in Rule 602 of Regulation NMS under the Exchange Act of 1934 (the “Act”), and that the electronic execution of marketable orders against resting bids and offers is system-enforced by the Exchange as provided in the Exchange Rules.

⁴ See Securities Exchange Act Release No. 92702 (August 18, 2021), 86 FR 47346 (August 24, 2021) (SR-CBOE-2021-045) (Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change To Amend Rule 13.15, Which Governs the Exchange's Minor Rule Violation Plan).

The proposed rule change next relocates violations of Rules 22.6(b)⁵ and (c), currently in Rule 25.3(c) of the MRVP, to Rule 25.3(d) (Rule 25.3(c), as amended)⁶ of the MRVP. The Exchange notes that Rule 22.6 governs Market Maker quoting obligations on the Exchange and, more specifically, Rule 22.6(b) requires a Market Maker to submit initial quotes that contain a minimum size (currently, at least one contract) and Rule 22.6(c) requires a Market Maker to submit two-sided quotes. As stated above, Rule 25.3(d) currently imposes certain fines for a Market Maker's failure to meet the continuous quoting obligations in Rule 22.6(d). By relocating violations of Rules 22.6(b) and (c) to join violations of Rule 22.6(d) in Rule 25.3(d) of the MRVP, the proposed rule change amends the MRVP to impose the same fine schedule for violations of a Market Maker's quoting obligations. As a result of combining these into Rule 25.3(d), the proposed rule change subsequently renames Rule 25.3(d) as "Market Maker Quoting Obligations". The Exchange notes that the proposed rule change is consistent, and intended to harmonize to the extent possible, with the MRVP of the Exchange's affiliated options exchange, Cboe Options, which imposes one fine schedule for a market maker's failure to meet its quoting obligations on Cboe Options, including failure to meet continuous quoting requirements and failure to meet initial quote volume requirements.⁷ The Exchange's other affiliated options exchanges, Cboe EDGX Exchange, Inc. ("EDGX Options") and Cboe C2 Exchange, Inc. ("C2 Options"), have also filed proposals to update their MRVPs in connection with the

⁵ Amendment No. 1 corrects an inadvertent error in the Exhibit 5 in connection with the relocation of violations of Rule 22.6(b) to Rule 25.3(d) by correcting reference to Rule "22.b(b)" to correctly reflect Rule "22.6(b)".

⁶ See supra note 2.

⁷ See Cboe Options Rule 13.15(g)(9).

violations of market maker quoting requirements on EDGX Options and C2 Options, to the extent possible, in an identical manner.⁸

The Exchange notes that, under current Rule 25.3(c), violations of the Market Maker initial quote volume requirement (Rule 22.6(b)) and violations of the Market Maker two-sided quote requirement (Rule 22.6(c)) are to be treated separately for purposes of determining the number of cumulative violations under the applicable fine schedule. For example, if during the same period, a Market Maker violates the initial quote volume requirement five times and also violates the two-sided quote requirement four times, the current provision would provide for two separate Letters of Caution (one for the initial quote size violations and one for the two-sided quote violations).⁹ The Cboe Options MRVP applicable to violations of market maker quoting obligations does not contain this language and, as proposed, the amended MRVP language would not include this “separate treatment” provision for Market-Maker quoting obligations to be consistent with corresponding Cboe Options MRVP provision. Additionally, while current Rule 25.3(c) provides that Rules

⁸ The Exchange notes that C2 Option’s proposal has been approved by the Commission and EDGX Option’s proposal is currently pending approval by the Commission. See Securities Exchange Act Release Nos. 93887 (December 30, 2021), 87 FR 504 (January 5, 2022) (SR-C2-2021-019) (Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Relating to Certain Fine Amounts in Rule 13.15, Which Governs the Exchange's Minor Rule Violation Plan, and Non-Substantive Clarifying Changes); and 93815 (December 17, 2021), 86 FR 73029 (December 23, 2021) (SR-CboeEDGX-2021-052) (Notice of Filing of a Proposed Rule Change To Amend Rule 25.3, Which Governs the Exchange’s Minor Rule Violation Plan, in Connection With Certain Minor Rule Violations and Applicable Fines).

⁹ The Exchange notes that Rule 22.6(b) requires the best bid and best offer entered by a Market Maker to have a size of at least one contract. The System requires a bid or offer to include a size of at least one contract, as a bid or offer with a size of zero results in any existing bid/offer quote for that series to be cancelled. As a result, the Exchange does not observe violations of Rule 22.6(b), but retains the provision in MRVP should the minimum size requirement be greater than one in the future.

22.6(b) and (c) shall be treated separately for purposes of determining the number of cumulative violations, pursuant to Rule 8.15(a), the Exchange, like Cboe Options, is permitted to “aggregate similar violations generally if the conduct was unintentional, there was no injury to public investors, or the violations resulted from a single systemic problem or cause that has been corrected.”¹⁰ The Exchange, like Cboe Options, considers violations of a Market Maker’s quoting obligations Rule 22.6(b), (c) and (d) to be similar in nature.¹¹ The Exchange believes moving violations of Rule 22.6(b) and (c) from Rule 25.3(c) to Rule 25.3(d) and removing the language to treat each paragraph separately for purposes of determining the cumulative violations aligns with how the Exchange generally surveils for and sanctions violations across market maker quoting obligations while still allowing the flexibility to treat the violations separately, if necessary. By aligning the fine schedule across each of the Market Maker quoting obligations the proposed rule change will allow for consistent application of the MRVP for the various Market Maker quoting obligations whether the violations are sanctioned separately or aggregation is warranted pursuant to Rule 8.15(a).

¹⁰ Cboe Options Rule 13.15(a) contains the same language. The Exchange, like Cboe Options, may consider violations of a Market Maker’s quoting obligations under Rule 22.6(b), (c), and (d) to be similar in nature.

¹¹ The Exchange notes that Rule 22.6(d) requires a Market Maker to provide continuous bids and offers in accordance with, among other things, the Rule 22.6(c) requirement to provide two-sided quotes. Because two-sided quotes are an element of the continuous electronic quote obligation, and violations of continuous quoting requirements can be the direct result of failure to provide two-sided quotes, the Exchange commonly cites Rule 22.6(d) in connection with two-sided quote violations. However, depending on the particular facts and circumstances, a Market Maker may be cited for a violation of continuous electronic quotes under Rule 22.6(d) or two-sided quotes under Rule 22.6(c) or both.

Further, the Exchange notes that Rule 25.3(d) currently provides that violations occurring during a calendar month are aggregated and sanctioned as a single offense. In line with the proposed change to allow the Exchange the flexibility to choose to aggregate violations across different sections governing market maker quoting obligations (upon the proposed relocation of the Market Maker two-sided quote and initial quote volume requirements to Rule 25.3(d)), the proposed rule change removes this language. Without the explicit requirement that the Exchange must aggregate and sanction violations as a single offense, the Exchange is free to determine whether or not violations of a Market Maker's quoting obligations across different sections, and across different review periods (e.g., calendar months),¹² should be aggregated and sanctioned as a single offense pursuant to Rule 8.15(a);¹³ just as the Exchange may choose to aggregate violations, pursuant to Rule 8.15(a), across different sections without time constraints (e.g., in a calendar month) under other MRVP provisions that otherwise do not contain any explicit aggregation requirement.¹⁴ Moreover, the Exchange believes that, notwithstanding the relocation of the two-sided quote and initial quote volume requirements to Rule 25.3(d), the aggregation requirement in Rule 25.3(d) currently conflicts with Rule 22.6(d) and a Market Maker's continuous quoting obligations. Specifically, Rule 22.6(d)(1) provides that the Exchange

¹² See infra note 15.

¹³ See supra note 10.

¹⁴ If the current provision were to be maintained in Rule 25.3(d) upon the relocation of the initial quote volume requirement and the two-sided quote requirement to Rule 25.3(d), then violations of a Market Maker's quoting obligations would never amount to more than one offense if they occurred in the same month. For example, if a Market Maker were to violate Rule 22.6(d) in February 2022 and violate Rule 22.6(b) and/or Rule 22.6(c) during the same month, then, pursuant to the current provision, such violations would have to be treated as a single offense and could not constitute more than one offense.

determines compliance by a Market Maker with the continuous quoting obligation in Rule 22.6(d) on a monthly basis. Rule 22.6(d)(1) goes on to provide that determining compliance with the continuous quoting obligations on a monthly basis does not relieve a Market Maker from meeting this obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against a Market Maker for failing to meet this obligation each trading day. Therefore, the Exchange believes that it should have the flexibility to be able to separately charge for violations of a Market Maker's continuous quoting obligations on a monthly basis and a daily basis.

The proposed rule change also updates the fine schedule heading in Rule 25.3(d) to reflect that fines may be imposed per the number of offenses, rather than violations, within one period (i.e., any rolling 24-month period), which more accurately reflects the manner in which the Exchange aggregates violations as a single offense under Rule 25.3(d), currently and as proposed, and further harmonizes Rule 25.3(d) with that of Cboe Options corresponding MRVP provision, which also counts the number of offenses in connection with market maker violations of quoting obligations in any rolling 24-month period.

Ultimately, the Exchange believes that the proposed flexibility to choose whether to aggregate violations of a Market Maker's quoting obligations across sections will allow it to administer discipline in a manner it deems most appropriate. For example, if a Market Maker violates its continuous quoting obligation pursuant to Rule 22.6(d) on multiple trading days, January 27, 28 and 31, 2022, due to a systemic error, and also violates the initial quote volume requirement pursuant to Rule 22.6(b) multiple times during the next

trading day, February 1, 2022,¹⁵ due to the same systemic error that has since been corrected, the Exchange may deem it appropriate to treat such violations as a single offense¹⁶ and issue a Letter of Caution, which is applicable to a first offense pursuant to Rule 25.3(d). This would be in lieu of treating such violations as two separate offenses—the violation of the Market Maker’s continuous quoting obligations (22.6(d)) as a first offense, for which the Exchange would issue a Letter of Caution, and the violations of its initial quote volume requirement aggregated into a separate, second offense, for which the Exchange would then issue a fine applicable to a second offense pursuant to Rule 25.3(d) (as proposed and described in detail below). If, in June 2022 (i.e., within the same 24-month period as the above referenced violations),¹⁷ the Market Maker violates the initial quote volume requirement multiple times throughout the month due to another systemic error, and also violates the continuous quote requirement pursuant to Rule 22.6(d) on multiple days throughout June 2022 due to the same systemic error, the Exchange may again deem it appropriate to treat these violations as a single offense, constituting the Market Maker’s second offense within the previous rolling 24-month period for which the Exchange would then issue a fine applicable to a second offense pursuant to Rule 25.3(d) (as proposed). The Exchange could, alternatively, choose to aggregate the June 2022 violations of the initial quote volume requirement as one offense and the June 2022 violations of the continuous

¹⁵ The Exchange is not required to treat violations occurring in separate review periods (e.g., a monthly review, a weekly review, etc.) as separate offenses and the Exchange is not required to treat violations occurring in the same review period as a single offense (including as proposed—in connection with removing the provision in Rule 25.3(d) that requires the Exchange to aggregate and sanction violations occurring in a month as a single offense).

¹⁶ See supra note 10.

¹⁷ See Rule 25.3, which states that a subsequent violation is calculated on the basis of a rolling 24-month period (“Period”).

quote requirement as another offense, which would result in the issuance of two offenses stemming from the same review period (i.e., a review of June 2022)¹⁸ to which the Exchange would then issue a fine applicable to a second and third offense within the previous rolling 24-month period pursuant to Rule 25.3(d) (as proposed).

The proposed rule change next amends the fine schedule in Rule 25.3(d) (Rule 25.3(c), as amended)¹⁹ applicable to Market Makers for violations of their quoting obligations (Rules 22.6(b)-(d), as proposed) in order to harmonize, to the extent possible, this MRVP provision with the corresponding Cboe Options MRVP provision applicable to violations of a market maker's quoting obligations on Cboe Options. The current fine schedule in Rule 25.3(d), currently applicable to violations of a Market Maker's continuous quoting obligations, sets forth the following:

For the first violation during any rolling 24-month period (i.e., one period),²⁰ the fine schedule imposed by Rule 25.3(d) currently permits the Exchange to give a Letter of Caution. For a second violation during the same period, the fine schedule currently permits the Exchange to apply a fine of \$1,000. For a third violation in the same period, the fine schedule currently permits the Exchange to apply a fine of \$2,500. For a fourth violation in the same period, the fine schedule currently permits the Exchange to apply a fine of \$5,000. Finally, for five or more violations in the same period, the fine schedule currently permits the Exchange to proceed with formal disciplinary action.

The proposed rule change updates the fine schedule to provide that, during any rolling 24-month period, the Exchange may continue to give a Letter of Caution for a first

¹⁸ See supra note 15.

¹⁹ See supra note 2.

²⁰ See supra note 17.

offense,²¹ may apply a fine of \$1,500 for a second offense,²² may apply a fine of \$3,000 for a third offense, and may proceed with formal disciplinary action for subsequent offenses. As described above, and as is the case for all rule violations covered under Rule 25.3, the Exchange may determine that it is appropriate to commence a formal disciplinary proceeding for a violation of Market Maker quoting obligations and may choose to proceed under the Exchange's formal disciplinary rules rather than its MRVP. The Exchange may continue to aggregate similar violations generally if the conduct was unintentional, there was no injury to public investors, or the violations resulted from a single systemic problem or cause that has been corrected, and treat such violations as a single offense.²³

The Exchange believes it is appropriate to increase the fine amounts for a second and third offense and to remove the fine imposed for a fourth offense and proceed with formal disciplinary proceedings for subsequent offenses following a third offense. Particularly, the Exchange believes that applying a higher fine per second and third offenses in connection with a Market Maker's quoting obligations²⁴ and, ultimately, formal

²¹ As stated herein, the proposed rule change also updates the fine schedule heading to reflect that fines may be imposed per the number of offenses, rather than violations, which more accurately reflects the manner in which the Exchange aggregates violations as a single offense under Rule 25.3(d), currently and as proposed.

²² Any fine imposed pursuant to the Exchange's MRVP that does not exceed \$2,500 and is not contested shall not be publicly reported, except as may be required by Rule 19d-1 under the Act or as may be required by any other regulatory authority. See Rule 8.15(a).

²³ See Rule 8.15(a).

²⁴ The proposed fine amounts are also an increase from the fines in Rule 25.3(c) currently imposed for violations of Market Maker initial quote volume and two-sided requirements. The Exchange notes, however, that Rule 25.3(c) currently imposes fines per violation whereas Rule 25.3(d) imposes fines per offense, which may be cumulative violations of Market Maker quoting obligations, as proposed.

disciplinary proceedings for any subsequent offenses during a rolling 24-month period, will allow the Exchange to levy progressively larger fines and greater penalties (i.e., formal disciplinary proceedings following a third offense) against repeat-offenders. The Exchange believes this fine structure may serve to more effectively deter repeat-offenders while continuing to provide reasonable warning for a first offense during a rolling 24-month period. The Exchange notes that the proposed fine schedule for violations of a Market Maker's quoting obligations is identical to the fine schedule under the MRVP of Cboe Options for market maker violations of quoting obligations on Cboe Options, including a continuous quoting requirement and initial volume requirement. The Exchange further notes that the proposed change is intended to provide for consistency across the Exchange's MRVP and the MRVPs of its affiliated options exchanges, Cboe Options, EDGX Options and C2 Options, as EDGX Options and C2 Options also intend to file proposals to update their minor rule violation fines for violations of market maker quoting requirements on their exchanges in an identical manner.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.²⁵ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)²⁶ 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,

²⁵ 15 U.S.C. 78f(b).

²⁶ 15 U.S.C. 78f(b)(5).

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. The Exchange believes the proposed rule change is consistent with the Section 6(b)(5)²⁷ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed rule change to remove the firm quote requirement, which it no longer considers violations of which to be minor in nature, as eligible for a minor rule fine disposition under its MRVP, will assist the Exchange in preventing fraudulent and manipulative acts and practices and promoting just and equitable principles of trade, and will serve to 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. Particularly, the Exchange believes that violations of the firm quote requirement may directly impact trading on the Exchange, maintenance of a fair and orderly market, and customer protection. As such, the Exchange does not believe violations of this rule to be minor in nature and, instead, should be handled under its formal disciplinary rules, rather than imposing fines pursuant to its MRVP. Also, and as stated above, the proposed rule change is consistent with the MRVP of its affiliated options exchange, Cboe Options, which, for the same reasons provided herein, no longer includes violations of the firm quote requirement as eligible for a minor rule disposition on Cboe Options.²⁸

The Exchange believes that the proposed rule change to apply the same MRVP fine schedule for violations of a Market Makers quoting obligations pursuant to Rule 22.6 (i.e.,

²⁷ Id.

²⁸ See supra note 4.

Rules 22.6(b)-(d)) and the same process for imposing such fines—that is, permitting the Exchange to aggregate violations of such Market Maker obligations into a single offense—will assist the Exchange in preventing fraudulent and manipulative acts and practices and promoting just and equitable principles of trade by uniformly imposing penalties and procedures for failure to satisfy obligations governed by the same Rule. By allowing for the consistent application of the MRVP for the various Market Maker quoting obligations and the administration of discipline in a manner the Exchange deems most appropriate (i.e., whether the violations are sanctioned separately or aggregation is warranted pursuant to Rule 8.15(a)), the Exchange believes the proposed rule change provides the Exchange with the flexibility to administer its enforcement program in a more uniform, effective and efficient manner, and, as described above, in a manner that aligns with how the Exchange generally surveils for and sanctions violations across market maker quoting obligations, thereby removing impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protecting investors and the public interest.

Additionally, the Exchange believes the proposed rule change will serve to 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 it is intended to harmonize the Exchange's MRVP in connection with Market Maker quoting obligations with that of Cboe Options, as well as EDGX Options and C2 Options (to the extent possible),²⁹ thereby providing consistent structures and procedures across MRVP provisions applicable to market maker obligations on the affiliated options exchanges. The proposed rule change contributes to the protection of investors and the public interest by promoting

²⁹ See supra notes 7 and 8.

regulatory consistency by increasing understanding of the Exchange's MRVP provisions for Trading Permit Holders ("TPHs") that are also market participants on the Exchange's affiliated options exchanges, making it easier for participants across the affiliated options exchanges to adhere to the disciplinary rules.

The Exchange also believes that the proposed rule change, in connection with the fine schedule for violations of a Market Maker's quoting obligations in Rule 25.3(d), as proposed, to increase the fine amounts for a second and third offense³⁰ and to remove the fine imposed for a fourth offense and proceed with formal disciplinary proceedings for subsequent offenses following a third offense will assist the Exchange in preventing fraudulent and manipulative acts and practices and promoting just and equitable principles of trade, and will serve to 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. Particularly, the Exchange believes that applying a higher fine per second and third offenses and, ultimately, formal disciplinary proceedings for any subsequent offenses during a rolling 24-month period, will allow the Exchange to levy progressively larger fines and greater penalties (i.e., formal disciplinary proceedings following a third offense) against repeat-offenders which may serve to more effectively deter repeat-offenders while providing reasonable warning for a first offense during a rolling 24-month period. The Exchange believes that more effectively deterring repeat-offenders, while continuing to make first instance offenders aware of their quoting obligation violations and the subsequent consequences for continued failure, will, in turn, further motivate Market Makers to continue to uphold their quoting obligations, providing liquid markets to the benefit of all

³⁰ See supra note 24.

investors. The Exchange again notes that the proposed fine schedule is consistent with the fine schedule under Cboe Options' MRVP applicable to violations of Market Maker quoting requirements on Cboe Options, including a continuous quoting requirement and initial quote volume requirement. As described above, EDGX Options and C2 Options intend to file proposals to update their minor rule violation fines applicable to violations of market maker quoting obligations in the same manner as Cboe Options and as proposed herein. As such, the proposed rule change is also designed to benefit investors by providing from consistent penalties across the MRVPs of the Exchange and its affiliated options exchanges.

The Exchange further believes that the proposed rule changes to Rule 25.3 are consistent with Section 6(b)(6) of the Act,³¹ which provides that members and persons associated with members shall be appropriately disciplined for violation of the provisions of the rules of the exchange, by expulsion, suspension, limitation of activities, functions, and operations, fine, censure, being suspended or barred from being associated with a member, or any other fitting sanction. As noted, the proposed rule change removes a Rule listed as eligible for a minor rule fine disposition under the Exchange's MRVP that the Exchange no longer believes violations of which are minor in nature and is more appropriately disciplined through the Exchange's formal disciplinary procedures, amends the MRVP provisions so that the same fine schedule, and process to impose such fines, uniformly applies to violations of a Market Maker's quoting obligations in Rule 22.6, and amends the fine schedule applicable to Market Maker failures to meet their quoting obligations in a manner that appropriately sanctions such failures.

³¹ 15 U.S.C. 78f(b)(6).

The Exchange also believes that the proposed change is designed to provide a fair procedure for the disciplining of members and persons associated with members, consistent with Sections 6(b)(7) and 6(d) of the Act.³² Rule 25.3, currently and as amended, does not preclude an Options Member, associated person of an Options Member, or registered or non-registered employee of an Options Member from contesting an alleged violation and receiving a hearing on the matter with the same procedural rights through a litigated disciplinary proceeding.

Item 4. 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 rule change is not intended to address competitive issues but rather is concerned solely with amending its MRVP in connection with rules eligible for a minor rule fine disposition and with the fine schedule for Market Maker failures to meet their quoting obligations. The Exchange believes the proposed rule changes, overall, will strengthen the Exchange’s ability to carry out its oversight and enforcement functions and deter potential violative conduct.

Item 5. 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.

Item 6. Extension of Time Period for Commission Action

Not applicable.

³² 15 U.S.C. 78f(b)(7) and 78f(d).

Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

- (a) Not applicable
- (b) Not applicable.
- (c) Not applicable.
- (d) The Exchange requests accelerated approval of Amendment No. 1.

Amendment No. 1 does not change the substance of the Initial Rule Filing with respect to the purpose or justification of amending the Exchange's MRVP, but merely adds additional detail and clarification to the Form 19b-4 regarding the manner in which the Exchange may treat violations of a Market Maker's quoting obligations under the MRVP, currently and as proposed, corrects an inadvertent error in the Exhibit 5 and, in light of the proposed rule changes, also removes a superfluous provision for additional clarity in the Exhibit 5. As such, the Exchange does not believe that Amendment No. 1 makes any material changes to the substance or framework of the proposed rule change as set forth in this Amendment No. 1, and therefore, does not believe that a full notice and comment period is necessary. The Exchange also notes that the Initial Rule Filing was filed for accelerated effectiveness pursuant to Section 19(b)(2) of the Act. The Exchange requests that the Commission approve the proposed rule change on an accelerated basis pursuant to Section 19(b)(2) of the Act so that it may be operative as soon as practicable. The Exchange believes that approval of the proposed rule change on an accelerated basis will serve to protect the interests of investors and the public interest by removing a Rule as eligible for a minor rule disposition under its MRVP that the Exchange does not believe is minor in nature because violations of such directly impact trading on the Exchange, maintenance of a fair and orderly market, and/or customer protection, as soon as feasible.

The Exchange believes that accelerated approval will protect investors because it will permit the Exchange to continue to be able to proceed with its formal disciplinary process for violations of this Rules in order to administer more appropriate discipline and sanctions for such violations. Also, accelerated approval of the proposed rule change to impose the same fine schedule and process to impose such fines for violations of a Market Maker's quoting obligations pursuant to Rule 22.6, and to increase the applicable fine amounts for a second and third offense and to remove the fine imposed for a fourth offense and proceed with formal disciplinary proceedings for subsequent offenses following a third offense, will directly serve to protect investors by allowing the Exchange to appropriately sanction failures to uphold Market Maker quoting obligations in a uniform manner and by levying progressively greater fines and penalties (i.e., formal disciplinary proceedings following a third offense) against repeat-offenders, which may serve to more effectively deter repeat-offenders as soon as feasible while continuing to provide reasonable warning for a first offense during a rolling 24-month period. This, in turn, will assist in ensuring that Market Makers continue to uphold their quoting obligations, providing liquid markets to the benefit of all investors. The proposed change to the MRVP provision applicable to and sanctions imposed for failures to uphold Market Maker quoting obligations are also designed to benefit investors by providing consistency, in connection with such violations, across the MRVPs of the Exchange and its affiliated options exchanges, which have the same MRVP structure, process and sanctions already in place for such violations or plan to file proposals to complete the harmonization of their applicable MRVP provisions with those proposed herein. The Exchange again notes that the proposed rule change is consistent with the corresponding

provision under Cboe Options' MRVP applicable to violations of Market Maker quoting requirements on Cboe Options, as previously approved by the Commission. In addition to this, and as stated above, Rule 25.3, currently and as amended, does not preclude an Options Member, associated person of an Options Member, or registered or non-registered employee of an Options Member from contesting an alleged violation and receiving a hearing on the matter with the same procedural rights through a litigated disciplinary proceeding. The Exchange believes that approval of the proposed rule change on an accelerated basis will strengthen the Exchange's ability to carry out its oversight and enforcement functions and deter potential violative conduct as soon as feasible. For the foregoing reasons, and as describe in the proposal above, the Exchange believes it is appropriate for the Commission to approve the proposed rule change on an accelerated basis.

Item 8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is based on Cboe Options Rule 13.15(g)(9).

Item 9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

Item 10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

Item 11. Exhibits

Exhibit 1. Completed Notice of Proposed Rule Change for publication in the Federal Register.

Exhibit 4. Marked copy of changes to the rule text proposed in an amendment compared against the version of the rule text that was initially filed.

Exhibit 5. Proposed rule text.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CboeBZX-2021-083]

[Insert date]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change Relating to Amend Rule 25.3, which Governs the Exchange's Minor Rule Violation Plan ("MRVP"), in Connection with Certain Minor Rule Violations and Applicable Fines

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 [insert date], 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.

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

Cboe BZX Exchange, Inc. (the "Exchange" or "BZX Options") proposes to amend Rule 25.3, which governs the Exchange's Minor Rule Violation Plan ("MRVP"), in connection with certain minor rule violations and applicable fines. 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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 MRVP in Rule 25.3 in connection with certain minor rule violations and applicable fines. Rule 25.3 provides for disposition of specific violations through assessment of fines in lieu of conducting a formal disciplinary proceeding.³ Current Rule 25.3(a)-(g) sets forth a list of specific Exchange Rules under which an Options Member, associated person of an Options Member, or registered or non-registered employee of an Options Member may be subject to a fine for violations of such Rules and the applicable fines that may be imposed by the Exchange.

Specifically, the proposed rule change amends Rule 25.3 by: (1) eliminating violations of Rule 22.6(a) (regarding Market Maker firm quotes) in Rule 25.3(c), which currently imposes fines for violations of Rules 22.6(a) through (c) (Market Maker Quotations); (2) relocating violations of Rule 22.6(b) (regarding Market Maker initial quote volume requirements) and Rule 22.6(c) (regarding Market Maker two-sided quote

³ The Exchange may, with respect to any such violation, proceed under Rule 8.15 (Imposition of Fines for Minor Violation(s) of Rules) and impose the fine set forth in Rule 25.3(a)-(g).

requirements) to Rule 25.3(d),⁴ which currently imposes fines for violations of Rule 22.6(d) (regarding Market Maker continuous quoting obligations) so that a single MRVP provision governs violations of a Market Maker's quoting obligations; and (3) updating the fine schedule applicable to minor rule violations related to Market Maker quoting obligations (i.e., Rules 22.6(b)-(d), as proposed) in Rule 25.3(d).

First, the proposed rule change eliminates the violation of 22.6(a) currently in Rule 25.3(c) of the MRVP. Specifically, Rule 22.6(a) requires a Market Maker to submit bids and offers that are firm for all orders. The Exchange no longer believes violations of Rule 22.6(a) to be minor in nature and therefore proposes to remove it from the list of rules in Rule 25.3 eligible for a minor rule fine disposition. Particularly, the Exchange believes that violations of Rule 22.6(a), to the extent they would occur,⁵ may directly impact trading on the Exchange, the maintenance of a fair and orderly market and customer protections because honoring firm quotations is vital in promoting efficient functioning of intermarket price priority and trading in general. Pursuant to Rule 25.3, the Exchange is not required to proceed under said Rules as to any rule violation and may, whenever such action is deemed appropriate, commence a disciplinary proceeding under Chapter VIII (Discipline) rules as to

⁴ As a result of the proposed elimination or relocation of the rule violations listed under Rule 25.3(c), the proposed rule change ultimately eliminates Rule 25.3(c) from the MRVP and subsequently renumbers current Rules 25.3(d), 25.3(e), 25.3(f) and 25.3(g) to Rules 25.3(c), 25.3(d), 25.3(e) and 25.3(f), respectively. In addition to this, the proposed rule change makes a nonsubstantive formatting change to Rule 25.3(e) (25.3(d), as amended) to denote with a "(2)" where subparagraph (2) begins, which is titled "American-Style, Cash-Settled Index Options".

⁵ The Exchange notes that Market Maker bids and offers entered on the Exchange's all-electronic trading platform are firm for all orders for the number of contracts specified in the bid and offer, subject to the exceptions noted in Rule 22.6(a) and in Rule 602 of Regulation NMS under the Exchange Act of 1934 (the "Act"), and that the electronic execution of marketable orders against resting bids and offers is system-enforced by the Exchange as provided in the Exchange Rules.

any such violation. The Exchange notes that the proposed rule change is consistent with the MRVP of its affiliated options exchange, Cboe Exchange, Inc. (“Cboe Options”), which recently filed a proposal, approved by the Commission,⁶ to no longer include such violations as eligible for a minor rule disposition on Cboe Options for the same reason—it no longer believed violations of the firm quote requirement to be minor in nature.

The proposed rule change next relocates violations of Rules 22.6(b)⁷ and (c), currently in Rule 25.3(c) of the MRVP, to Rule 25.3(d) (Rule 25.3(c), as amended)⁸ of the MRVP. The Exchange notes that Rule 22.6 governs Market Maker quoting obligations on the Exchange and, more specifically, Rule 22.6(b) requires a Market Maker to submit initial quotes that contain a minimum size (currently, at least one contract) and Rule 22.6(c) requires a Market Maker to submit two-sided quotes. As stated above, Rule 25.3(d) currently imposes certain fines for a Market Maker’s failure to meet the continuous quoting obligations in Rule 22.6(d). By relocating violations of Rules 22.6(b) and (c) to join violations of Rule 22.6(d) in Rule 25.3(d) of the MRVP, the proposed rule change amends the MRVP to impose the same fine schedule for violations of a Market Maker’s quoting obligations. As a result of combining these into Rule 25.3(d), the proposed rule change subsequently renames Rule 25.3(d) as “Market Maker Quoting Obligations”. The Exchange notes that the proposed rule change is consistent, and intended to harmonize to the extent

⁶ See Securities Exchange Act Release No. 92702 (August 18, 2021), 86 FR 47346 (August 24, 2021) (SR-CBOE-2021-045) (Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change To Amend Rule 13.15, Which Governs the Exchange's Minor Rule Violation Plan).

⁷ Amendment No. 1 corrects an inadvertent error in the Exhibit 5 in connection with the relocation of violations of Rule 22.6(b) to Rule 25.3(d) by correcting reference to Rule “22.b(b)” to correctly reflect Rule “22.6(b)”.

⁸ See supra note 4.

possible, with the MRVP of the Exchange's affiliated options exchange, Cboe Options, which imposes one fine schedule for a market maker's failure to meet its quoting obligations on Cboe Options, including failure to meet continuous quoting requirements and failure to meet initial quote volume requirements.⁹ The Exchange's other affiliated options exchanges, Cboe EDGX Exchange, Inc. ("EDGX Options") and Cboe C2 Exchange, Inc. ("C2 Options"), have also filed proposals to update their MRVPs in connection with the violations of market maker quoting requirements on EDGX Options and C2 Options, to the extent possible, in an identical manner.¹⁰

The Exchange notes that, under current Rule 25.3(c), violations of the Market Maker initial quote volume requirement (Rule 22.6(b)) and violations of the Market Maker two-sided quote requirement (Rule 22.6(c)) are to be treated separately for purposes of determining the number of cumulative violations under the applicable fine schedule. For example, if during the same period, a Market Maker violates the initial quote volume requirement five times and also violates the two-sided quote requirement four times, the current provision would provide for two separate Letters of Caution (one for the initial quote size violations and one for the two-sided quote violations).¹¹ The Cboe Options MRVP

⁹ See Cboe Options Rule 13.15(g)(9).

¹⁰ The Exchange notes that C2 Option's proposal has been approved by the Commission and EDGX Option's proposal is currently pending approval by the Commission. See Securities Exchange Act Release Nos. 93887 (December 30, 2021), 87 FR 504 (January 5, 2022) (SR-C2-2021-019) (Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Relating to Certain Fine Amounts in Rule 13.15, Which Governs the Exchange's Minor Rule Violation Plan, and Non-Substantive Clarifying Changes); and 93815 (December 17, 2021), 86 FR 73029 (December 23, 2021) (SR-CboeEDGX-2021-052) (Notice of Filing of a Proposed Rule Change To Amend Rule 25.3, Which Governs the Exchange's Minor Rule Violation Plan, in Connection With Certain Minor Rule Violations and Applicable Fines).

¹¹ The Exchange notes that Rule 22.6(b) requires the best bid and best offer entered

applicable to violations of market maker quoting obligations does not contain this language and, as proposed, the amended MRVP language would not include this “separate treatment” provision for Market-Maker quoting obligations to be consistent with corresponding Cboe Options MRVP provision. Additionally, while current Rule 25.3(c) provides that Rules 22.6(b) and (c) shall be treated separately for purposes of determining the number of cumulative violations, pursuant to Rule 8.15(a), the Exchange, like Cboe Options, is permitted to “aggregate similar violations generally if the conduct was unintentional, there was no injury to public investors, or the violations resulted from a single systemic problem or cause that has been corrected.”¹² The Exchange, like Cboe Options, considers violations of a Market Maker’s quoting obligations Rule 22.6(b), (c) and (d) to be similar in nature.¹³ The Exchange believes moving violations of Rule 22.6(b) and (c) from Rule 25.3(c) to Rule 25.3(d) and removing the language to treat each paragraph separately for purposes of determining the cumulative violations aligns with how the Exchange generally surveils for

by a Market Maker to have a size of at least one contract. The System requires a bid or offer to include a size of at least one contract, as a bid or offer with a size of zero results in any existing bid/offer quote for that series to be cancelled. As a result, the Exchange does not observe violations of Rule 22.6(b), but retains the provision in MRVP should the minimum size requirement be greater than one in the future.

¹² Cboe Options Rule 13.15(a) contains the same language. The Exchange, like Cboe Options, may consider violations of a Market Maker’s quoting obligations under Rule 22.6(b), (c), and (d) to be similar in nature.

¹³ The Exchange notes that Rule 22.6(d) requires a Market Maker to provide continuous bids and offers in accordance with, among other things, the Rule 22.6(c) requirement to provide two-sided quotes. Because two-sided quotes are an element of the continuous electronic quote obligation, and violations of continuous quoting requirements can be the direct result of failure to provide two-sided quotes, the Exchange commonly cites Rule 22.6(d) in connection with two-sided quote violations. However, depending on the particular facts and circumstances, a Market Maker may be cited for a violation of continuous electronic quotes under Rule 22.6(d) or two-sided quotes under Rule 22.6(c) or both.

and sanctions violations across market maker quoting obligations while still allowing the flexibility to treat the violations separately, if necessary. By aligning the fine schedule across each of the Market Maker quoting obligations the proposed rule change will allow for consistent application of the MRVP for the various Market Maker quoting obligations whether the violations are sanctioned separately or aggregation is warranted pursuant to Rule 8.15(a).

Further, the Exchange notes that Rule 25.3(d) currently provides that violations occurring during a calendar month are aggregated and sanctioned as a single offense. In line with the proposed change to allow the Exchange the flexibility to choose to aggregate violations across different sections governing market maker quoting obligations (upon the proposed relocation of the Market Maker two-sided quote and initial quote volume requirements to Rule 25.3(d)), the proposed rule change removes this language. Without the explicit requirement that the Exchange must aggregate and sanction violations as a single offense, the Exchange is free to determine whether or not violations of a Market Maker's quoting obligations across different sections, and across different review periods (e.g., calendar months),¹⁴ should be aggregated and sanctioned as a single offense pursuant to Rule 8.15(a);¹⁵ just as the Exchange may choose to aggregate violations, pursuant to Rule 8.15(a), across different sections without time constraints (e.g., in a calendar month) under other MRVP provisions that otherwise do not contain any explicit aggregation requirement.¹⁶ Moreover, the Exchange believes that, notwithstanding the relocation of the

¹⁴ See infra note 17.

¹⁵ See supra note 12.

¹⁶ If the current provision were to be maintained in Rule 25.3(d) upon the relocation of the initial quote volume requirement and the two-sided quote requirement to Rule 25.3(d), then violations of a Market Maker's quoting obligations would

two-sided quote and initial quote volume requirements to Rule 25.3(d), the aggregation requirement in Rule 25.3(d) currently conflicts with Rule 22.6(d) and a Market Maker's continuous quoting obligations. Specifically, Rule 22.6(d)(1) provides that the Exchange determines compliance by a Market Maker with the continuous quoting obligation in Rule 22.6(d) on a monthly basis. Rule 22.6(d)(1) goes on to provide that determining compliance with the continuous quoting obligations on a monthly basis does not relieve a Market Maker from meeting this obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against a Market Maker for failing to meet this obligation each trading day. Therefore, the Exchange believes that it should have the flexibility to be able to separately charge for violations of a Market Maker's continuous quoting obligations on a monthly basis and a daily basis.

The proposed rule change also updates the fine schedule heading in Rule 25.3(d) to reflect that fines may be imposed per the number of offenses, rather than violations, within one period (i.e., any rolling 24-month period), which more accurately reflects the manner in which the Exchange aggregates violations as a single offense under Rule 25.3(d), currently and as proposed, and further harmonizes Rule 25.3(d) with that of Cboe Options corresponding MRVP provision, which also counts the number of offenses in connection with market maker violations of quoting obligations in any rolling 24-month period.

Ultimately, the Exchange believes that the proposed flexibility to choose whether to aggregate violations of a Market Maker's quoting obligations across sections will allow it to

never amount to more than one offense if they occurred in the same month. For example, if a Market Maker were to violate Rule 22.6(d) in February 2022 and violate Rule 22.6(b) and/or Rule 22.6(c) during the same month, then, pursuant to the current provision, such violations would have to be treated as a single offense and could not constitute more than one offense.

administer discipline in a manner it deems most appropriate. For example, if a Market Maker violates its continuous quoting obligation pursuant to Rule 22.6(d) on multiple trading days, January 27, 28 and 31, 2022, due to a systemic error, and also violates the initial quote volume requirement pursuant to Rule 22.6(b) multiple times during the next trading day, February 1, 2022,¹⁷ due to the same systemic error that has since been corrected, the Exchange may deem it appropriate to treat such violations as a single offense¹⁸ and issue a Letter of Caution, which is applicable to a first offense pursuant to Rule 25.3(d). This would be in lieu of treating such violations as two separate offenses—the violation of the Market Maker’s continuous quoting obligations (22.6(d)) as a first offense, for which the Exchange would issue a Letter of Caution, and the violations of its initial quote volume requirement aggregated into a separate, second offense, for which the Exchange would then issue a fine applicable to a second offense pursuant to Rule 25.3(d) (as proposed and described in detail below). If, in June 2022 (i.e., within the same 24-month period as the above referenced violations),¹⁹ the Market Maker violates the initial quote volume requirement multiple times throughout the month due to another systemic error, and also violates the continuous quote requirement pursuant to Rule 22.6(d) on multiple days throughout June 2022 due to the same systemic error, the Exchange may again deem it appropriate to treat these violations as a single offense, constituting the Market Maker’s

¹⁷ The Exchange is not required to treat violations occurring in separate review periods (e.g., a monthly review, a weekly review, etc.) as separate offenses and the Exchange is not required to treat violations occurring in the same review period as a single offense (including as proposed—in connection with removing the provision in Rule 25.3(d) that requires the Exchange to aggregate and sanction violations occurring in a month as a single offense).

¹⁸ See supra note 12.

¹⁹ See Rule 25.3, which states that a subsequent violation is calculated on the basis of a rolling 24-month period (“Period”).

second offense within the previous rolling 24-month period for which the Exchange would then issue a fine applicable to a second offense pursuant to Rule 25.3(d) (as proposed). The Exchange could, alternatively, choose to aggregate the June 2022 violations of the initial quote volume requirement as one offense and the June 2022 violations of the continuous quote requirement as another offense, which would result in the issuance of two offenses stemming from the same review period (i.e., a review of June 2022)²⁰ to which the Exchange would then issue a fine applicable to a second and third offense within the previous rolling 24-month period pursuant to Rule 25.3(d) (as proposed).

The proposed rule change next amends the fine schedule in Rule 25.3(d) (Rule 25.3(c), as amended)²¹ applicable to Market Makers for violations of their quoting obligations (Rules 22.6(b)-(d), as proposed) in order to harmonize, to the extent possible, this MRVP provision with the corresponding Cboe Options MRVP provision applicable to violations of a market maker's quoting obligations on Cboe Options. The current fine schedule in Rule 25.3(d), currently applicable to violations of a Market Maker's continuous quoting obligations, sets forth the following:

For the first violation during any rolling 24-month period (i.e., one period),²² the fine schedule imposed by Rule 25.3(d) currently permits the Exchange to give a Letter of Caution. For a second violation during the same period, the fine schedule currently permits the Exchange to apply a fine of \$1,000. For a third violation in the same period, the fine schedule currently permits the Exchange to apply a fine of \$2,500. For a fourth violation in the same period, the fine schedule currently permits the Exchange to apply a fine of \$5,000.

²⁰ See supra note 17.

²¹ See supra note 4.

²² See supra note 19.

Finally, for five or more violations in the same period, the fine schedule currently permits the Exchange to proceed with formal disciplinary action.

The proposed rule change updates the fine schedule to provide that, during any rolling 24-month period, the Exchange may continue to give a Letter of Caution for a first offense,²³ may apply a fine of \$1,500 for a second offense,²⁴ may apply a fine of \$3,000 for a third offense, and may proceed with formal disciplinary action for subsequent offenses. As described above, and as is the case for all rule violations covered under Rule 25.3, the Exchange may determine that it is appropriate to commence a formal disciplinary proceeding for a violation of Market Maker quoting obligations and may choose to proceed under the Exchange's formal disciplinary rules rather than its MRVP. The Exchange may continue to aggregate similar violations generally if the conduct was unintentional, there was no injury to public investors, or the violations resulted from a single systemic problem or cause that has been corrected, and treat such violations as a single offense.²⁵

The Exchange believes it is appropriate to increase the fine amounts for a second and third offense and to remove the fine imposed for a fourth offense and proceed with formal disciplinary proceedings for subsequent offenses following a third offense. Particularly, the Exchange believes that applying a higher fine per second and third

²³ As stated herein, the proposed rule change also updates the fine schedule heading to reflect that fines may be imposed per the number of offenses, rather than violations, which more accurately reflects the manner in which the Exchange aggregates violations as a single offense under Rule 25.3(d), currently and as proposed.

²⁴ Any fine imposed pursuant to the Exchange's MRVP that does not exceed \$2,500 and is not contested shall not be publicly reported, except as may be required by Rule 19d-1 under the Act or as may be required by any other regulatory authority. See Rule 8.15(a).

²⁵ See Rule 8.15(a).

offenses in connection with a Market Maker's quoting obligations²⁶ and, ultimately, formal disciplinary proceedings for any subsequent offenses during a rolling 24-month period, will allow the Exchange to levy progressively larger fines and greater penalties (i.e., formal disciplinary proceedings following a third offense) against repeat-offenders. The Exchange believes this fine structure may serve to more effectively deter repeat-offenders while continuing to provide reasonable warning for a first offense during a rolling 24-month period. The Exchange notes that the proposed fine schedule for violations of a Market Maker's quoting obligations is identical to the fine schedule under the MRVP of Cboe Options for market maker violations of quoting obligations on Cboe Options, including a continuous quoting requirement and initial volume requirement. The Exchange further notes that the proposed change is intended to provide for consistency across the Exchange's MRVP and the MRVPs of its affiliated options exchanges, Cboe Options, EDGX Options and C2 Options, as EDGX Options and C2 Options also intend to file proposals to update their minor rule violation fines for violations of market maker quoting requirements on their exchanges in an identical manner.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.²⁷

²⁶ The proposed fine amounts are also an increase from the fines in Rule 25.3(c) currently imposed for violations of Market Maker initial quote volume and two-sided requirements. The Exchange notes, however, that Rule 25.3(c) currently imposes fines per violation whereas Rule 25.3(d) imposes fines per offense, which may be cumulative violations of Market Maker quoting obligations, as proposed.

²⁷ 15 U.S.C. 78f(b).

Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)²⁸ 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. The Exchange believes the proposed rule change is consistent with the Section 6(b)(5)²⁹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed rule change to remove the firm quote requirement, which it no longer considers violations of which to be minor in nature, as eligible for a minor rule fine disposition under its MRVP, will assist the Exchange in preventing fraudulent and manipulative acts and practices and promoting just and equitable principles of trade, and will serve to 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. Particularly, the Exchange believes that violations of the firm quote requirement may directly impact trading on the Exchange, maintenance of a fair and orderly market, and customer protection. As such, the Exchange does not believe violations of this rule to be minor in nature and, instead, should be handled under its formal disciplinary rules, rather than imposing fines pursuant to its MRVP. Also, and as stated above, the proposed rule change is consistent with the MRVP of its affiliated options exchange, Cboe Options,

²⁸ 15 U.S.C. 78f(b)(5).

²⁹ Id.

which, for the same reasons provided herein, no longer includes violations of the firm quote requirement as eligible for a minor rule disposition on Cboe Options.³⁰

The Exchange believes that the proposed rule change to apply the same MRVP fine schedule for violations of a Market Makers quoting obligations pursuant to Rule 22.6 (i.e., Rules 22.6(b)-(d)) and the same process for imposing such fines—that is, permitting the Exchange to aggregate violations of such Market Maker obligations into a single offense—will assist the Exchange in preventing fraudulent and manipulative acts and practices and promoting just and equitable principles of trade by uniformly imposing penalties and procedures for failure to satisfy obligations governed by the same Rule. By allowing for the consistent application of the MRVP for the various Market Maker quoting obligations and the administration of discipline in a manner the Exchange deems most appropriate (i.e., whether the violations are sanctioned separately or aggregation is warranted pursuant to Rule 8.15(a)), the Exchange believes the proposed rule change provides the Exchange with the flexibility to administer its enforcement program in a more uniform, effective and efficient manner, and, as described above, in a manner that aligns with how the Exchange generally surveils for and sanctions violations across market maker quoting obligations, thereby removing impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protecting investors and the public interest.

Additionally, the Exchange believes the proposed rule change will serve to 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 it is intended to harmonize the Exchange's MRVP in connection with Market Maker quoting obligations

³⁰ See supra note 6.

with that of Cboe Options, as well as EDGX Options and C2 Options (to the extent possible),³¹ thereby providing consistent structures and procedures across MRVP provisions applicable to market maker obligations on the affiliated options exchanges. The proposed rule change contributes to the protection of investors and the public interest by promoting regulatory consistency by increasing understanding of the Exchange's MRVP provisions for Trading Permit Holders ("TPHs") that are also market participants on the Exchange's affiliated options exchanges, making it easier for participants across the affiliated options exchanges to adhere to the disciplinary rules.

The Exchange also believes that the proposed rule change, in connection with the fine schedule for violations of a Market Maker's quoting obligations in Rule 25.3(d), as proposed, to increase the fine amounts for a second and third offense³² and to remove the fine imposed for a fourth offense and proceed with formal disciplinary proceedings for subsequent offenses following a third offense will assist the Exchange in preventing fraudulent and manipulative acts and practices and promoting just and equitable principles of trade, and will serve to 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. Particularly, the Exchange believes that applying a higher fine per second and third offenses and, ultimately, formal disciplinary proceedings for any subsequent offenses during a rolling 24-month period, will allow the Exchange to levy progressively larger fines and greater penalties (i.e., formal disciplinary proceedings following a third offense) against repeat-offenders which may serve to more effectively deter repeat-offenders while providing reasonable warning for a first offense during a rolling 24-month period. The Exchange

³¹ See supra notes 9 and 10.

³² See supra note 26.

believes that more effectively deterring repeat-offenders, while continuing to make first instance offenders aware of their quoting obligation violations and the subsequent consequences for continued failure, will, in turn, further motivate Market Makers to continue to uphold their quoting obligations, providing liquid markets to the benefit of all investors. The Exchange again notes that the proposed fine schedule is consistent with the fine schedule under Cboe Options' MRVP applicable to violations of Market Maker quoting requirements on Cboe Options, including a continuous quoting requirement and initial quote volume requirement. As described above, EDGX Options and C2 Options intend to file proposals to update their minor rule violation fines applicable to violations of market maker quoting obligations in the same manner as Cboe Options and as proposed herein. As such, the proposed rule change is also designed to benefit investors by providing from consistent penalties across the MRVPs of the Exchange and its affiliated options exchanges.

The Exchange further believes that the proposed rule changes to Rule 25.3 are consistent with Section 6(b)(6) of the Act,³³ which provides that members and persons associated with members shall be appropriately disciplined for violation of the provisions of the rules of the exchange, by expulsion, suspension, limitation of activities, functions, and operations, fine, censure, being suspended or barred from being associated with a member, or any other fitting sanction. As noted, the proposed rule change removes a Rule listed as eligible for a minor rule fine disposition under the Exchange's MRVP that the Exchange no longer believes violations of which are minor in nature and is more appropriately disciplined through the Exchange's formal disciplinary procedures, amends the MRVP provisions so that the same fine schedule, and process to impose such fines, uniformly applies to

³³ 15 U.S.C. 78f(b)(6).

violations of a Market Maker's quoting obligations in Rule 22.6, and amends the fine schedule applicable to Market Maker failures to meet their quoting obligations in a manner that appropriately sanctions such failures.

The Exchange also believes that the proposed change is designed to provide a fair procedure for the disciplining of members and persons associated with members, consistent with Sections 6(b)(7) and 6(d) of the Act.³⁴ Rule 25.3, currently and as amended, does not preclude an Options Member, associated person of an Options Member, or registered or non-registered employee of an Options Member from contesting an alleged violation and receiving a hearing on the matter with the same procedural rights through a litigated disciplinary proceeding.

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 rule change is not intended to address competitive issues but rather is concerned solely with amending its MRVP in connection with rules eligible for a minor rule fine disposition and with the fine schedule for Market Maker failures to meet their quoting obligations. The Exchange believes the proposed rule changes, overall, will strengthen the Exchange's ability to carry out its oversight and enforcement functions and deter potential violative conduct.

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.

³⁴ 15 U.S.C. 78f(b)(7) and 78f(d).

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 is consistent with the Act. 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 e-mail to rule-comments@sec.gov. Please include File Number SR-CboeBZX-2021-083 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-CboeBZX-2021-083. This file number should be included on the subject line if e-mail 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 rule change 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, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CboeBZX-2021-083 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁵

Secretary

³⁵ 17 CFR 200.30-3(a)(12).

EXHIBIT 4

Additions set forth in the proposed rule text of original SR-CboeBZX-2021-083 are underlined and deletions set forth in the proposed rule text of original SR-CboeBZX-2021-083 are in brackets. Additions being made pursuant to Amendment No. 1 to SR- CboeBZX-2021-083 are double-underlined and deletions being made pursuant to Amendment No. 1 to SR- CboeBZX-2021-083 are struck-through.

* * * * *

Rule 25.3. Penalty for Minor Rule Violations

The following BZX Options rule and policy violations may be determined by the Exchange to be minor in nature. If so, the Exchange may, with respect to any such violation, proceed under Rule 8.15 (Imposition of Fines for Minor Violation(s) of Rules) and impose the fine set forth below. The Exchange is not required to proceed under said Rules as to any rule violation and may, whenever such action is deemed appropriate, commence a disciplinary proceeding under Chapter VIII (Discipline) rules as to any such violation. A subsequent violation is calculated on the basis of a rolling 24-month period (“Period”).

(a)-(b) No change.

(c) [Order Entry.

Violations of Rule 22.6(a) – (c), (Market Maker Quotations) regarding restrictions on orders entered by Market Makers, will be subject to the fines listed below. Each paragraph of such sections subject to this Rule shall be treated separately for purposes of determining the number of cumulative violations.

Number of Violations Within One Period	Fine Amount
1 to 5	Letter of Caution
6 to 10	\$500
11 to 15	\$1,000
16 to 20	\$2,000

(d) Continuous Quotes]Market Maker Quoting Obligations.

Violations of Rule 22.6(b)-(d) regarding Market Maker initial quote volume requirements (Rule 22.6(b)), Market Maker two-sided quote requirements (Rule 22.6(c)) and Market Maker continuous bids and offers (Rule 22.6(d)) shall be subject to the fines listed below.

Number of [Violations]Offenses	Fine Amount
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Within One Period[±]	
1	Letter of Caution
2	\$1,000
3	\$2,500
[4]	[\$5,000]
[5 or more] <u>Subsequent Offenses</u>	Formal Disciplinary Action

~~* Violations occurring during a calendar month [are] may be aggregated and sanctioned as a single offense.~~

([e]d) Expiring Exercise Declarations.

(1) Non-Cash-Settled Equity Options. Violations of Rule 23.1(a) through (k) regarding expiring exercise declarations and the timely submission of “Advice Cancel” or exercise instruction relating to the exercise or non-exercise of non-cash-settled equity options shall be subject to the fines listed below.

Number of Violations Within One Period	Fine Amount	
	Individual	Member Organization
1	\$500	\$1,000
2	\$1,000	\$2,500
3 or more	\$2,500	\$5,000

(2) American-Style, Cash-Settled Index Options. Violations of Rule 23.1(l) regarding the failure to submit an Exercise Advice; the submission of an advice and no subsequent exercise; the submission of an Exercise Advice after the designated cut-off time; the submission of an Exercise Advice for an amount different than the amount exercised; and the time-stamping of an advice or exercise instruction memorandum prior to purchasing contracts shall be subject to the fines listed below.

Number of Violations Within One Period	Fine Amount
1	\$500
2	\$1,000

3	\$2,500
4 or more	\$5,000

([f]e) Requests for Trade Data.

Any Member who fails to respond within ten (10) business days to a request by the Exchange for submission of trade data pursuant to Rule 24.4 shall be subject to the fines listed below.

Number of Violations Within One Period	Fine Amount
1	\$2,500
2 or more	\$5,000 or Formal Disciplinary Action

([g]f) Consolidated Audit Trail Compliance Rules.

For failures to comply with the Consolidated Audit Trail Compliance Rule requirements of Rules 4.5 through 4.16, the Exchange may impose a minor rule violation fine of up to \$2,500.

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EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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Rules of Cboe BZX Exchange, Inc.

* * * * *

Rule 25.3. Penalty for Minor Rule Violations

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(a)-(b) No change.

(c) [Order Entry.

Violations of Rule 22.6(a) – (c), (Market Maker Quotations) regarding restrictions on orders entered by Market Makers, will be subject to the fines listed below. Each paragraph of such sections subject to this Rule shall be treated separately for purposes of determining the number of cumulative violations.

Number of Violations Within One Period	Fine Amount
1 to 5	Letter of Caution
6 to 10	\$500
11 to 15	\$1,000
16 to 20	\$2,000

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Violations of Rule 22.6(b)-(d) regarding Market Maker initial quote volume requirements (Rule 22.6(b)), Market Maker two-sided quote requirements (Rule 22.6(c)) and Market Maker continuous bids and offers (Rule 22.6(d)) shall be subject to the fines listed below.

Number of [Violations]Offenses	Fine Amount
--------------------------------	-------------

Within One Period[*]	
1	Letter of Caution
2	\$1,000
3	\$2,500
[4]	[\$5,000]
[5 or more] <u>Subsequent Offenses</u>	Formal Disciplinary Action

[* Violations occurring during a calendar month are may be aggregated and sanctioned as a single offense.]

([e]d) Expiring Exercise Declarations.

(1) Non-Cash-Settled Equity Options. Violations of Rule 23.1(a) through (k) regarding expiring exercise declarations and the timely submission of “Advice Cancel” or exercise instruction relating to the exercise or non-exercise of non-cash-settled equity options shall be subject to the fines listed below.

Number of Violations Within One Period	Fine Amount	
	Individual	Member Organization
1	\$500	\$1,000
2	\$1,000	\$2,500
3 or more	\$2,500	\$5,000

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Number of Violations Within One Period	Fine Amount
1	\$500
2	\$1,000

3	\$2,500
4 or more	\$5,000

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