

Press Release

Cboe Options Exchange Temporarily Shifts to Fully Electronic Trading – SEC Enables Immediate Effectiveness of Proposed Rule Change to Facilitate Continued Operations in Light of Temporary Suspension of Cboe Physical Trading Floor

FOR IMMEDIATE RELEASE

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Washington D.C., March 14, 2020 – The U.S. Securities and Exchange Commission noticed for immediate effectiveness a proposed rule filing submitted by Cboe Exchange, Inc. to facilitate the continued operation of Cboe's options exchange in light of Cboe's decision to temporarily suspend open outcry trading on its Chicago trading floor.

Cboe announced that it will temporarily close its options trading floor effective Monday, March 16, as a precautionary measure to prevent the potential spread of COVID-19. The Cboe rule filing modifies three trading rules with respect to Cboe's exclusively listed index options to more fully replicate in an electronic trading environment the trading that occurs on the Cboe's physical trading floor.

"The SEC's work with Cboe in this matter is reflective of the agency's continued commitment to help market participants respond to operational and other challenges raised by COVID-19, including in connection with the implementation of business continuity measures," said Brett Redfearn, Director of the SEC's Division of Trading and Markets. "More generally, the division is monitoring operational shifts necessitated by the implementation of business continuity plans and stands ready to advise and assist exchanges, clearing agencies and other market participants with operational and other matters."

The rule filing describes three modifications that are designed to help ensure an orderly transition from today's electronic and floor trading environment to all-electronic trading without

the Cboe trading floor.

- The first modification permits market makers with an appointment in an options class to be solicited for orders submitted into Cboe's price improvement auction in order to more closely replicate the sourcing of liquidity that occurs on the floor today and to ensure minimal disruption to the existing liquidity sources available via floor-based trading.
- The second modification excludes market makers that would not be subject to certain continuous quoting obligations in the trading floor environment from being subject to those requirements as a result of their participation in the all-electronic trading environment.
- The third modification permits Cboe to better enable certain complex strategies with multiple option components to function in an all-electronic trading environment.

With these modifications, Cboe provided additional information on its regulatory and surveillance procedures associated with these modifications and will report on how these modifications are functioning in practice. The SEC will continue to work with Cboe as these changes are implemented. The rule filing provides that the modifications are temporary until May 15, 2020 (or sooner if the floor becomes operable). If necessary, the effectiveness of the modifications could be extended at that time.

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