

Section 6(b)(5) of the Act¹¹ in that it is designed to promote just and equitable principles of trade, 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 and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers.

The Exchange believes that the proposed changes to the exchange groupings of options exchanges within the routing fee table furthers the objectives of Section 6(b)(4) of the Act and is reasonable, equitable and not unfairly discriminatory because the proposed change will continue to apply in the same manner to all Members that are subject to routing fees. The Exchange believes the proposed changes to the routing fee table exchange groupings furthers the objectives of Section 6(b)(5) of the Act and is designed to promote just and equitable principles of trade and is not unfairly discriminatory because the proposed changes seek to recoup costs that are incurred by the Exchange when routing orders for Public Customers that are not Priority Customers to away markets on behalf of Members and does so in the same manner for all Members that are subject to routing fees. The costs to the Exchange to route orders to away markets for execution primarily includes transaction fees assessed by the away markets to which the Exchange routes orders, in addition to the Exchange's clearing costs, administrative, regulatory and technical costs. The Exchange believes that the proposed re-categorization of certain exchange groupings would enable the Exchange to better reflect the costs and fees associated with routing orders to other exchanges for execution.

The Exchange places away markets in the fee tier grouping that best approximates the Exchange's costs and fees to route the orders in that segment to that away market. The per-contract transaction fee amount associated with each grouping approximates the Exchange's all-in cost (plus an additional, non-material amount)¹² to execute the corresponding contract at the corresponding exchange. The Exchange believes its tier structure represents the best approach to reflect the costs and fees associated with routing and executing orders on other exchanges. As noted above, this routing fee structure is comparable to the structure in place on at least one other

competing options exchange, Cboe BZX Options.¹³

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 not necessary or appropriate in furtherance of the purposes of the Act. The Exchange's proposed re-categorization of certain exchange groupings is intended to enable the Exchange to recover the costs it incurs to route orders to away markets. The costs to the Exchange to route orders to away markets for execution primarily includes the transaction fees assessed by the away markets to which the Exchange routes orders, in addition to the Exchange's clearing costs, administrative, regulatory and technical costs. The Exchange does not believe that this proposal imposes any unnecessary burden on competition because it seeks to better reflect the costs and fees incurred by the Exchange when routing orders to away markets on behalf of Members and notes that at least one other options exchange has a similar routing fee structure.¹⁴

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

Written comments were neither solicited nor received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,¹⁵ and Rule 19b-4(f)(2)¹⁶ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing,

including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-PEARL-2025-48 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-PEARL-2025-48. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-PEARL-2025-48 and should be submitted on or before January 8, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁷

Sherry R. Haywood,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104395; File No. SR-C2-2025-027]

Self-Regulatory Organizations; Cboe C2 Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt a New Methodology for Assessment and Collection of the Options Regulatory Fee (ORF)

December 15, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the

¹³ See *supra* notes 4 and 6.

¹⁴ See *supra* note 4.

¹⁵ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁶ 17 CFR 240.19b-4(f)(2).

¹⁷ 17 CFR 200.30-3(a)(12).

¹¹ 15 U.S.C. 78f(b)(5).

¹² See *supra* note 7.

“Act”),¹ and Rule 19b–4 thereunder,² notice is hereby given that on December 2, 2025, Cboe C2 Exchange, Inc. (the “Exchange” or “C2”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend its Fees Schedule relating to the Options Regulatory Fee (“ORF”) to adopt a new methodology for assessment and collection of ORF for transactions that occur on the Exchange (“On-Exchange ORF”), effective as of July 1, 2026. The text of the proposed rule change is available on the Commission’s website (<https://www.sec.gov/rules/sro.shtml>), the Exchange’s website (https://www.cboe.com/us/options/regulation/rule_filings/bzx/), and at the principal office of the Exchange.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the 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 current methodology for assessment and collection of a regulatory fee to assess On-Exchange ORF only for options transactions that occur on the Exchange that would clear in the customer³ range

at The Options Clearing Corporation (“OCC”). The Exchange would no longer assess a regulatory fee for options transactions that occur on other exchanges. This proposal only proposes to amend the method of assessment and collection of the fee. A future rule filing would be filed to set the applicable On-Exchange ORF rate. If the On-Exchange ORF model were to go into effect today, the current ORF rate would increase from \$0.0002 per contract to an estimated On-Exchange ORF rate of \$0.01521 per contract based on 2026 estimates of regulatory revenue, regulatory costs, and customer volume.⁴ The following provides more detail regarding the proposal.

Background

Today, ORF is assessed by C2 Options to each Clearing Trading Permit Holder (“CTPH”) for options transactions that are cleared by the CTPH at OCC in the Customer range, regardless of the exchange on which the transaction occurs. In other words, the Exchange imposes the ORF on all Customer-range transactions cleared by a CTPH, even if the transactions do not take place on the Exchange. The ORF is collected by OCC on behalf of the Exchange from the CTPH or non-Trading Permit Holder (“TPH”) OCC Clearing Member that ultimately clears the transaction as further described below. With respect to linkage transactions, C2 Options reimburses its routing broker providing Routing Services pursuant to C2 Options Rule 5.36 for options regulatory fees it incurs in connection with the Routing Services it provides. The current C2 Options ORF is \$0.0002 per contract side.

The following scenarios reflect how the ORF is currently assessed and collected (these apply regardless of whether the transaction is executed on the Exchange or on an away exchange):

1. If a TPH is the executing clearing firm on a transaction (“Executing Clearing Firm”), the ORF is assessed to and collected from that TPH by OCC on behalf of the Exchange.

2. If a TPH is the Executing Clearing Firm and the transaction is “given up”

methodology. On the Exchange, a “Public Customer” means a person that is not a broker or dealer in securities and includes Professionals. A “Professional” is any person or entity that (a) is not a broker or dealer in securities, and (b) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). Executions for the account of an OCC clearing member firm proprietary account, joint back office account clearing in the Firm range, or account of a market maker clearing in the Market Maker range are not charged an ORF, nor would they be charged an ORF under the current proposal.

⁴ The Exchange intends to file an ORF increase to \$0.0003 per contract effective January 2, 2026.

to a different TPH that clears the transaction (“Clearing Give-Up”), the ORF is assessed to the Executing Clearing Firm (the ORF is the obligation of the Executing Clearing Firm). The ORF is collected from the Clearing Give-Up.

3. If the Executing Clearing Firm is a non-TPH and the Clearing Give-up is a TPH, the ORF is assessed to and collected from the Clearing Give-up.

4. If a TPH is the Executing Clearing Firm and a non-TPH is the Clearing Give-up, the ORF is assessed to the Executing Clearing Firm. The ORF is the obligation of the Executing Clearing Firm but is collected from the non-TPH Clearing Give-up (for the reasons described below).

5. No ORF is assessed if a TPH is neither the Executing Clearing Firm nor the Clearing Give-up.

The Exchange uses an OCC cleared trades file to determine the Executing Clearing Firm and the Clearing Give-up.⁵

In each of scenarios 1 through 4 above, if the transaction is transferred pursuant to a Clearing Member Trade Assignment (“CMTA”) agreement to another clearing firm who ultimately clears the transaction, the ORF is collected from the clearing firm that ultimately clears the transaction (which firm may be a non-TPH) by OCC on behalf of the Exchange. Using CMTA transfer information provided by the OCC, the Exchange subtracts the ORF charge from the monthly ORF bill of the clearing firm that transfers the position and adds the charge to the monthly ORF bill of the clearing firm that receives the CMTA transfer (*i.e.*, the ultimate clearing firm).⁶ This process is performed at the end of each month on each transfer in the OCC CMTA transfer file for that month.⁷

ORF is collected by OCC on behalf of the Exchange from the CTPH or non-TPH OCC Clearing Member that ultimately clears the transaction. While

⁵ The Exchange notes that in the case where a non-self clearing TPH executes a transaction on the Exchange, the TPH’s guaranteeing CTPH is reflected as the Executing Clearing Firm in the OCC cleared trades file and the ORF is assessed to and collected from the Executing Clearing Firm.

⁶ See Securities Exchange Act Release No. 82163 (November 28, 2017), 82 FR 57317 (December 4, 2017) (SR–C2–2017–031).

⁷ The Exchange notes that OCC provides the Exchange and other exchanges with information to assist in excluding CMTA transfers done to correct bona fide errors from the ORF calculation. Specifically, if a clearing firm gives up or CMTA transfers a position to the wrong clearing firm, the firm that caused the error will send an offsetting CMTA transfer to that firm and send a new CMTA transfer to the correct firm. The offsetting CMTA transfer is marked with a CMTA Transfer ORF Indicator which results in the original erroneous transfer being excluded from the ORF calculation.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ Currently, the ORF is assessed by C2 Options and collected via OCC on executions for the account of Public Customers, including Professionals, and Broker-Dealers including Foreign Broker-Dealers. These market participants clear in the “C” range at OCC. ORF will continue to be assessed to executions for the account of these market participants under the proposed

the ORF is an obligation of the Executing Clearing Firm, the ORF is collected from the clearing firm that ultimately clears the eligible trade, even if such firm is not a TPH. The Exchange and OCC adopted this collection method in response to industry feedback that it would allow TPHs and non-TPHs to more easily pass-through the ORF to their customers. In the original ORF filing by Cboe Exchange, Inc. ("Cboe Options"), an affiliate of C2 Options,⁸ Cboe Options stated that it expected TPHs to pass-through the ORF to their customers in the same manner that firms pass-through to their customers the fees charged by self-regulatory organizations ("SROs") to help the SROs meet their obligations under Section 31 of the Exchange Act (and the Exchange understands this to be the case currently). Accordingly, in scenario 4 above, the ORF is collected from the non-TPH OCC Clearing Member that clears the transaction in order to facilitate the pass-through of the ORF to the end-customer. Likewise, collection of the ORF from the ultimate (CMTA) clearing firm facilitates the passing the fee through to the end-customer. In those cases where the ORF is collected from a non-TPH OCC Clearing Member, the Exchange (through OCC) collects the ORF as a convenience for the CTPH whose obligation it is to pay the fee to the Exchange.

ORF Revenue and Monitoring of ORF

Today, revenue generated from ORF, when combined with all of the Exchange's other regulatory fees and fines, is designed to recover a material portion of the regulatory costs to the Exchange of the supervision and regulation of TPH customer options business including performing routine surveillances, investigations, examinations, financial monitoring, and policy, rulemaking, interpretive, and enforcement activities. Regulatory costs include direct regulatory expenses and certain indirect expenses for work allocated in support of the regulatory function. The direct expenses include in-house and third-party service provider costs to support the day-to-day regulatory work such as surveillances, investigations and examinations. The indirect expenses include support to the regulatory function from such areas as human resources, legal, compliance, information technology, facilities and accounting. Today, these indirect expenses are estimated to be

approximately 23% of the Exchange's total regulatory costs for 2026. Thus, direct expenses are estimated to be approximately 77% of total regulatory costs for 2026.⁹ In addition, based on the Exchange's analysis of its regulatory work associated with options regulation, and considering other regulatory revenue, it is the Exchange's practice that revenue generated from ORF not exceed more than 75% of total annual regulatory costs.

Proposal for On-Exchange ORF

C2 Options appreciates the evolving changes in the market and regulatory environment and has been evaluating its current methodologies and practices for the assessment and collection of ORF while considering industry and Commission feedback. As a result of this review, the Exchange is proposing the On-Exchange ORF, which assesses a regulatory fee to only Exchange transactions that would clear in the Customer range at OCC (as is the case today).¹⁰ The following scenarios reflect how the On-Exchange ORF will be assessed and collected:

1. If a TPH is the Executing Clearing Firm on a transaction that occurred on the Exchange, the fee would be assessed to and collected from that CTPH by OCC on behalf of the Exchange.
2. If a TPH is the Executing Clearing Firm and the transaction is "given up" to a Clearing Give-Up, the On-Exchange ORF is assessed to the Executing Clearing Firm (the On-Exchange ORF remains the obligation of the Executing Clearing Firm under the proposal), but the On-Exchange ORF will be collected from the Clearing Give-Up.

The Exchange expects to provide CTPHs sufficient information in connection with their invoice in order to reconcile charges associated with ORF. In addition, the proposed method for collecting On-Exchange ORF will only consider CMTAs reported to the Exchange and not those reported directly to OCC. As described above, today's ORF is the responsibility of the Executing Clearing Firm and collected from the CMTA (which may be a non-TPH) as an administrative convenience. The Exchange understands that a CMTA may be added at order entry, via post-trade edit on the Exchange, or post-trade at OCC. CMTA transfers that occur at OCC do not necessarily contain reliable information regarding the Exchange on which the original transaction

occurred.¹¹ Without specific information as to where the original transaction occurred, the Exchange would not be able to accurately account for CMTA transfers that occur at OCC. Therefore, the Exchange will only account for CMTAs that occur on the Exchange (which may be a non-TPH) and exclude CMTAs occurring at OCC.¹²

With this proposal, the Exchange intends to collect ORF under its current methodology for assessment and collection of ORF until at least June 30, 2026. The Exchange is prepared to implement On-Exchange ORF effective July 1, 2026 if by April 1, 2026 all U.S. options exchanges charging an ORF have filed to modify their current methodologies of assessment of the fee to limit the fee to transactions occurring on their respective exchange.¹³ However, if all other options exchanges have not filed to adopt a similar methodology by April 1st, the Exchange will delay implementation commensurate with the additional time required for other options exchanges to adopt a similar method for collection and assessment of ORF. The Exchange will at that time file a separate rule filing with the amount of the On-Exchange ORF in advance of assessing and collecting the fee under the proposed method. The Exchange will provide at least 30 days' notice of the applicable On-Exchange ORF rate. The Exchange believes a fee to recover [sic] costs for regulatory programs associated with TPH customer business is

¹¹ Under the current methodology for assessing ORF, the Exchange on which the transaction occurred is irrelevant.

¹² The Exchange originally planned to exclude all CMTAs whether reported to the Exchange or directly to the OCC. If CMTAs are excluded, the Exchange would only collect ORF from its TPHs and ORF would no longer be collected from non-TPHs. The Exchange continues to believe that a new ORF model should be assessed to TPHs only, but also understands the desire for a uniform approach to the assessment and collection of ORF across all options exchanges. As of filing, 6 exchanges have also filed to assess and collect ORF to transactions occurring on their respective exchanges (*see* Securities Exchange Act Releases No. 103103 (May 22, 2025), 90 FR 22797 (May 29, 2025) (SR-MRX-2025-11) as amended by No. 103618 (August 1, 2025), 90 FR 37910 (August 6, 2025) (SR-MRX-2025-15); No. 103558 (July 28, 2025), 90 FR 36080 (July 31, 2025) (SR-ISE-2025-20); No. 103559 (July 28, 2025), 90 FR 36074 (July 31, 2025) (SR-BX-2025-012); No. 103617 (August 1, 2025), 90 FR 37912 (August 6, 2025) (SR-GEMX-2025-17); No. 103619 (August 1, 2025), 90 FR 37931 (August 6, 2025) (SR-NASDAQ-2025-054); No. 103620 (August 1, 2025), 90 FR 37918 (August 8, 2025) (SR-Phlx-2025-30)). As proposed, these filings also will consider CMTAs reported to the respective exchange and not CMTAs reported directly to OCC.

¹³ The Exchange estimates it will take approximately three months to implement the system changes associated with On-Exchange ORF.

⁸ *See* Securities Exchange Act Release No. 58817 (October 20, 2008), 73 FR 63744 (October 27, 2008) (SR-CBOE-2008-105).

⁹ These expectations are estimated and may be subject to change.

¹⁰ *See supra* note 3.

reasonable; however, the Exchange would consider alternative approaches for assessment and collection of the fee in order to achieve consistency across the industry.

To demonstrate the impact of the proposed change, the Exchange estimates that, if the On-Exchange ORF went into effect today, the current ORF of \$0.0002 per contract side would increase to \$0.01521 per contract side using 2026 estimates for regulatory revenue, regulatory costs and customer volume.¹⁴ As is the case today, revenue generated from On-Exchange ORF, when combined with all of the Exchange's other regulatory fees and fines, is designed to recover a material portion of the regulatory costs to the Exchange of the supervision and regulation of TPH customer options business, including performing routine surveillances, investigations, examinations, financial monitoring, and policy, rulemaking, interpretive, and enforcement activities. As discussed above, regulatory costs include direct regulatory expenses¹⁵ and certain indirect expenses in support of the regulatory function.¹⁶ Indirect expenses are estimated to be approximately 23% of the Exchange's total regulatory costs for 2026. Thus, direct expenses are estimated to be approximately 77% of total regulatory costs for 2026.

The Exchange will continue to monitor the amount of revenue collected from On-Exchange ORF to ensure that it, in combination with its other regulatory fees and fines, does not exceed the Exchange's total regulatory costs. Further, C2 Options expects to continue its current practice that revenue generated from On-Exchange ORF not exceed more than [sic] 75% of total annual regulatory costs. And as is the Exchange's practice today, revenue generated by On-Exchange ORF will not be used for non-regulatory purposes.

The Exchange will continue to monitor its regulatory costs and revenues at a minimum on a semi-annual basis. If the Exchange determines regulatory revenues exceed or are insufficient to cover a material portion of its regulatory costs in a given year, the Exchange will adjust the On-Exchange ORF by submitting a fee

change filing to the Commission. The Exchange will notify TPHs of adjustments to the On-Exchange ORF via an Exchange Notice in advance of any change.¹⁷

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.¹⁸ Specifically, the Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act,¹⁹ which provides that Exchange rules may provide for the equitable allocation of reasonable dues, fees, and other charges among its TPHs and other persons using its facilities. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)²⁰ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes the proposed change to assess and collect an On-Exchange ORF is reasonable, equitable and not unfairly discriminatory for various reasons. First, On-Exchange ORF is reasonable, equitable and not unfairly discriminatory in that it is charged to all Exchange transactions that clear in the Customer range at the OCC. Similar to ORF today, the Exchange believes On-Exchange ORF ensures fairness by assessing a specific fee to those TPHs that require more Exchange regulatory services based on the amount of customer options business they conduct. Over recent years, options trading volume has increased with a growing percentage of the volume applicable to customer transactions. Customers trading on the Exchange (through a TPH) benefit from the protections of a robust regulatory program including the maintenance of fair and orderly markets and protections against fraud and other manipulation. The Exchange believes it is equitable and not unfairly discriminatory to assess a regulatory fee to transactions that clear in the Customer range to cover regulatory costs, but not to transactions clearing in the Firm or Market Maker range because CTPHs and Market Maker TPHs (who clear in the Firm and Market Maker range), as those market participants are generally subject to other Exchange fees, fines and obligations. For example, CTPHs and

Market Maker TPHs are required to pay Exchange application fees, permit fees, and connectivity fees, amongst others. In addition, all fines issued by the Exchange for regulatory infractions are assessed only to TPHs and would be applied to regulatory revenues. As with today's ORF, the Exchange expects that CTPHs from whom On-Exchange ORF is collected will pass through the fee to their customers (as the Exchange understands occurs today). In addition, Market Makers in particular are subject to various quoting and other obligations to ensure that they provide stable and liquid markets, which benefit all market participants including customers. Excluding Market Maker transactions from On-Exchange ORF will allow Market Makers to better manage their costs more effectively thus enabling them to better allocate resources toward technology, risk management, and capacity to ensure continued liquidity provision.

In addition to the overall increase in Customer-range volume generally, regulating customer trading activity is more labor intensive and requires greater expenditure of human and technical resources than regulating non-customer trading activity, which tends to be more automated and less labor-intensive. For example, there are costs associated with main office and branch office examinations (*e.g.*, staff and travel expenses), as well as investigations into customer complaints and terminations of Registered Persons. As a result, the costs associated with administering the customer component of the Exchange's overall regulatory program are materially higher than the costs associated with administering the non-customer component (*e.g.*, CTPH proprietary transactions) of its regulatory program.²¹ While the Exchange notes that it has broad regulatory responsibilities with respect to its TPHs' activities, irrespective of where their transactions take place, the Exchange believes it is reasonable to assess the proposed fee to only those transactions occurring on the Exchange. The proposed change more narrowly tailors the fee to products and transactions with a direct connection to the Exchange. Today, a customer transaction may be assessed an ORF from every options exchange totaling as much as \$0.0187 per transaction per

¹⁴ Depending on the operative date for the filing, the Exchange will submit an additional filing to specify the ORF rate based on the then-current estimates for regulatory revenues, regulatory costs and Customer volume.

¹⁵ Direct expenses include in-house and third-party service provider costs to support the day-to-day regulatory work such as surveillances, investigations, and examinations.

¹⁶ Indirect expenses include support from areas such as human resources, legal, compliance, information technology, facilities and accounting.

¹⁷ See Exchange Notice, C2025112601 "Cboe Options Exchange Regulatory Fee Update Effective January 2, 2026."

¹⁸ 15 U.S.C. 78f(b).

¹⁹ 15 U.S.C. 78f(b)(4).

²⁰ 15 U.S.C. 78f(b)(5).

²¹ If the Exchange changes its method of funding regulation or if circumstances otherwise change in the future, the Exchange may decide to modify On-Exchange ORF or assess a separate regulatory fee on TPH proprietary transactions if the Exchange deems it advisable.

side.²² While the Exchange's proposed ORF rate under the proposed model of \$0.01521 is higher than its current ORF rate of \$0.0002 under the current model, if all exchanges adopted a similar on-exchange model, ORF rates may decrease for individual transactions overall because the proposed On-Exchange ORF will avoid overlapping ORFs that would otherwise be assessed by C2 Options and other options exchanges that also assess an ORF. With this proposal, transactions that would clear in the Customer range occurring on other exchanges would no longer be subject to an ORF assessed by C2 Options.

The Exchange believes it is equitable and not unduly discriminatory to modify the method of collecting the fee such that On-Exchange ORF will not consider CMTAs reported directly to OCC as is done in today's method of ORF. CMTA transfers are considered today under the current collection methodology for ORF as a convenience to industry members in administering a pass through of the fee to their customers. Limiting the On-Exchange ORF to transactions on the Exchange poses a limitation in the use of CMTA for this purpose. The Exchange understands that a CMTA may be added at order entry, via post-trade edit on the Exchange, or post-trade at OCC. CMTA transfers that occur at OCC do not necessarily contain reliable information regarding the Exchange on which the original transaction occurred.²³ Without specific information as to where the original transaction occurred, the Exchange would not be able to accurately account for CMTA transfers that occur at OCC.

The Exchange also believes that the fact that a Consolidated Audit Trail ("CAT") fee is in place should not preclude the Exchange from assessing On-Exchange ORF. The CAT is a repository of order, trade and customer information that is used as the basis for an audit trail of such activities. Like industry members, the exchanges, including C2 Options, also pays a CAT fee to support the operation and maintenance of CAT (in other words, it does not support regulatory work undertaken by exchanges). C2 Options does not include fees it pays for CAT in the regulatory expenses it looks to offset under ORF. Yes, the Exchange uses CAT data as part of its regulatory work, but only from an audit trail perspective. On-Exchange ORF, on the other hand,

offsets the regulatory work the Exchange performs (using CAT data among other sources) such as surveillance, investigations, examinations, etc. The Exchange believes its fair and reasonable to assess an On-Exchange ORF in addition to fees associated with CAT.

The Exchange further believes that the proposed change to the method for assessment and collection of the fee is reasonable because it would help ensure that revenue collected from the On-Exchange ORF, in combination with other regulatory fees and fines, would help offset, but not exceed, the Exchange's total regulatory costs. As discussed, On-Exchange ORF is similarly designed to the current ORF, in that revenues generated from the fee would be less than or equal to 75% of the Exchange's regulatory costs, which is consistent with the practice across the options industry today and the view of the Commission that regulatory fees be used for regulatory purposes and not to support the Exchange's business side.

As noted above, the Exchange will also continue to monitor on at least a semi-annual basis the amount of revenue collected from the On-Exchange ORF, even as amended, to ensure that it, in combination with its other regulatory fees and fines, does not exceed the Exchange's total regulatory costs. If the Exchange determines regulatory revenues would exceed its regulatory costs in a given year, the Exchange will reduce the On-Exchange ORF by submitting a fee change filing to the Commission.²⁴

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 not necessary or appropriate in furtherance of the purposes of the Act. This proposal does not create an unnecessary or inappropriate intra-market burden on competition because On-Exchange ORF applies to all customer activity on the Exchange, thereby raising regulatory revenue to offset regulatory expenses. It also supplements the regulatory revenue derived from non-customer activity. The Exchange notes, however, the proposed change is not designed to address any competitive issues. Indeed, this proposal does not create an unnecessary or inappropriate inter-market burden on competition because it is a regulatory fee that supports regulation in

furtherance of the purposes of the Act. The Exchange is obligated to ensure that the amount of regulatory revenue collected from the On-Exchange ORF, in combination with its other regulatory fees and fines, does not exceed regulatory costs. In addition, the Exchange will not implement the On-Exchange ORF until all other options exchanges are prepared to adopt a similar model to avoid overlapping ORFs.

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 written comments on the proposed rule change.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act²⁵ and paragraph (f) of Rule 19b-4²⁶ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-C2-2025-027 on the subject line.

Paper Comments

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

All submissions should refer to file number SR-C2-2025-027. This file

²² As of October 1, 2025.

²³ Under the current methodology for assessing ORF, the Exchange on which the transaction occurred is irrelevant.

²⁴ Consistent with Rule 2.2 (Regulatory Revenue), the Exchange notes that should excess ORF revenue be collected prior to any reduction in an ORF rate, such excess revenue will not be used for nonregulatory purposes.

²⁵ 15 U.S.C. 78s(b)(3)(A).

²⁶ 17 CFR 240.19b-4(f).

number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-C2-2025-027 and should be submitted on or before January 8, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁷

Sherry R. Haywood,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104403; File No. SR-CboeBZX-2025-157]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt a New Methodology for Assessment and Collection of the Options Regulatory Fee (ORF)

December 15, 2025.

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 December 2, 2025, 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

The Exchange proposes to amend its Fees Schedule relating to the Options Regulatory Fee ("ORF") to adopt a new

methodology for assessment and collection of ORF for transactions that occur on the Exchange ("On-Exchange ORF"), effective as of July 1, 2026. The text of the proposed rule change is available on the Commission's website (<https://www.sec.gov/rules/sro.shtml>), the Exchange's website (https://www.cboe.com/us/equities/regulation/rule_filings/bzx/), and at the principal office of the Exchange.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the 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 current methodology for assessment and collection of a regulatory fee to assess On-Exchange ORF only for options transactions that occur on the Exchange that would clear in the customer³ range at The Options Clearing Corporation ("OCC"). The Exchange would no longer assess a regulatory fee for options transactions that occur on other exchanges. This proposal only proposes to amend the method of assessment and collection of the fee. A future rule filing would be filed to set the applicable On-Exchange ORF rate. If the On-Exchange ORF model were to go into effect today,

³ Currently, the ORF is assessed by BZX Options and collected via OCC on executions for the account of Public Customers, including Professionals, and Broker-Dealers including Foreign Broker-Dealers. These market participants clear in the "C" range at OCC. ORF will continue to be assessed to executions for the account of these market participants under the proposed methodology. On the Exchange, a "Public Customer" means a person that is not a broker or dealer in securities and includes Professionals. A "Professional" is any person or entity that (a) is not a broker or dealer in securities, and (b) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). Executions for the account of an OCC clearing member firm proprietary account, joint back office account clearing in the Firm range, or account of a market maker clearing in the Market Maker range are not charged an ORF, nor would they be charged an ORF under the current proposal.

the current ORF rate would increase from \$0.0001 per contract to an estimated On-Exchange ORF rate of \$0.00467 per contract based on 2026 estimates of regulatory revenue, regulatory costs, and customer volume.⁴ The following provides more detail regarding the proposal.

Background

Today, ORF is assessed by BZX Options to each Member for options transactions that are cleared by the Member ("Clearing Member") at OCC in the Customer range, regardless of the exchange on which the transaction occurs. In other words, the Exchange imposes the ORF on all Customer-range transactions cleared by a Member, even if the transactions do not take place on the Exchange. The ORF is collected by OCC on behalf of the Exchange from the Clearing Member or non-Member that ultimately clears the transaction as further described below. With respect to linkage transactions, BZX Options reimburses its routing broker providing Routing Services pursuant to BZX Options Rule 21.9 for options regulatory fees it incurs in connection with the Routing Services it provides. The current BZX Options ORF is \$0.0001 per contract side.

The following scenarios reflect how the ORF is currently assessed and collected (these apply regardless of whether the transaction is executed on the Exchange or on an away exchange):

1. If a Member is the executing clearing firm on a transaction ("Executing Clearing Firm"), the ORF is assessed to and collected from that Member by OCC on behalf of the Exchange.
2. If a Member is the Executing Clearing Firm and the transaction is "given up" to a different Member that clears the transaction ("Clearing Give-Up"), the ORF is assessed to the Executing Clearing Firm (the ORF is the obligation of the Executing Clearing Firm). The ORF is collected from the Clearing Give-Up.
3. If the Executing Clearing Firm is a non-Member and the Clearing Give-up is a Member, the ORF is assessed to and collected from the Clearing Give-up.
4. If a Member is the Executing Clearing Firm and a non-Member is the Clearing Give-up, the ORF is assessed to the Executing Clearing Firm. The ORF is the obligation of the Executing Clearing Firm but is collected from the non-Member Clearing Give-up (for the reasons described below).

⁴ The Exchange intends to file an ORF increase to \$0.0002 per contract effective January 1, 2026.

²⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.