

consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.¹⁶

At any time within 60 days of the filing of such 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 under Section 19(b)(2)(B)¹⁷ of the Act 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-NYSEAMER-2026-92 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-NYSEAMER-2026-92. 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-NYSEAMER-2026-92 and should be submitted on or before November 20, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁸

Sherry R. Haywood,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106743; File No. SR-NYSEAMER-2026-96]

Self-Regulatory Organizations; NYSE American LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify Binary Return Derivatives Rules

October 27, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on October 21, 2026, NYSE American LLC ("NYSE American" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II 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 modify Rule 900ByRDs (Applicability; Definitions), Rule 910ByRDs (Determination of the Settlement Price), Rule 915ByRDs (Criteria for Underlying Securities), Rule 916ByRDs (Withdrawal of Approval of Underlying Securities), Rule 958ByRDs (Maximum Bid-Ask Differentials), Rule 980ByRDs (Automatic Exercise of Binary Return Derivatives) and Rule 928.1NYP (Price Reasonability Checks—Orders and Quotes) with respect to the trading of Binary Return Derivatives ("ByRDs") on the Exchange. The proposed rule change is available on the Exchange's website at www.nyse.com 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 self-regulatory organization 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 those 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 parts of such statements.

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

1. Purpose

The Exchange proposes to modify Rule 900ByRDs (Applicability; Definitions), Rule 910ByRDs (Determination of the Settlement Price), Rule 915ByRDs (Criteria for Underlying Securities), Rule 916ByRDs (Withdrawal of Approval of Underlying Securities), Rule 958ByRDs (Maximum Bid-Ask Differentials), Rule 980ByRDs (Automatic Exercise of Binary Return Derivatives) and Rule 928.1NYP (Price Reasonability Checks—Orders and Quotes) with respect to trading of ByRDs on the Exchange. More specifically, the Exchange proposes to use the closing price of the security underlying a ByRD options contract as reported by the primary listing market ("Closing Price") in place of using the "composite price" volume weighted average price ("VWAP") to determine the settlement price of the ByRD options contract on the date of expiration and adopt a new initial and continued listing criteria for ByRDs whose underlying security is an individual stock. The Exchange also proposes to eliminate settlement price rounding practices, instead redefining Finish High ByRDs to return the settlement amount if the underlying security closes at or above the strike price.

¹⁶ 17 CFR 240.19b-4(f)(6)(iii). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

¹⁷ 15 U.S.C. 78s(b)(2)(B).

¹⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Overview of ByRDs³

ByRDs⁴ are European-style option contracts on individual stocks, exchange-traded funds (“ETFs”) and Index-Linked Securities that have a fixed return in cash based on a set strike price; satisfy specified listing criteria;⁵ and are auto-exercised at expiration pursuant to the Rules of the Options

³ ByRDs have been approved since 2007. *See* note 5, *infra*. Under the current rules, ByRDs would be available for trading during the Exchange’s Core Trading Session, *i.e.*, from 9:30 a.m. to 4:00 p.m., and until 4:15 p.m. for certain highly liquid ETPs that are approved for trading until such time. While the Exchange does not anticipate that ByRDs on such ETPs would trade after 4:00 p.m. on the day of expiration, the Exchange’s trading system is currently configured to allow ByRDs to trade until 4:15 p.m. because the Exchange’s trading system currently operates ByRDs on the same session schedule as standard options and cannot apply a different close time for ByRDs on such ETPs. Because ByRDs would be settled on the 4:00 p.m. Closing Price, the Exchange does not expect trading in ByRDs on such ETPs to occur between 4:00 p.m. and 4:15 p.m. on the day of expiration, after the settlement price has been determined. The Exchange represents to monitor trading activity after 4:00 p.m. on expiration day, and to examine making trading system changes to prevent the trading of a ByRDs option contract on such ETPs after 4:00 p.m. on the day of expiration. The Exchange will submit a proposed rule change to reflect such changes to the trading system. ByRDs are not currently available for trading during Extended Trading Hours (ETH), even if an underlying security is eligible for trading during ETH. ByRDs are also not currently available for trading as FLEX Options or Complex Options.

⁴ ByRDs were approved for listing and trading under their prior name, Fixed Return Options, or FROs. *See* Securities Exchange Act Release No. 56251 (August 14, 2007), 72 FR 46523 (August 20, 2007) (Notice of Filing of Amendment No. 4 to a Proposed Rule Change and Order Granting Accelerated Approval to a Proposed Rule Change, as Modified by Amendment Nos. 2, 3, and 4 Thereto, Relating to the Listing and Trading of Fixed Return Options). *See also* Securities Exchange Act Release No. 71957 (April 16, 2014), 79 FR 22563 (April 22, 2014) (SR–NYSEMKT–2014–06) (Order approving name change from FROs to Binary Return Derivatives (ByRDs) and re-launch of these products, with certain modification, and amending Obvious Errors rules to include ByRDs).

⁵ For an initial listing of a ByRD, individual stocks must meet the criteria set forth in Rule 915 and must also meet the following additional criteria: (i) a minimum market capitalization of at least \$40 billion, (ii) a minimum trading volume (in all markets in which the underlying security is traded) of at least 1 billion shares in the preceding twelve (12) months, (iii) a minimum average daily trading volume of 4 million shares, (iv) a minimum average daily trading value of at least \$200 million during the prior six (6) months and (v) an underlying market price per share of at least \$10 over the previous five (5) consecutive business days preceding the date on which the Exchange submits a certificate to the OCC for listing and trading, as measured by the closing price reported in the primary listed market in which the underlying security is traded. *See* Rule 915ByRDs, Commentary .01. For an initial listing of a ByRD, ETFs and Index-Linked Securities must also meet the criteria set forth in Rule 915 and must also meet the criteria for individual stocks set forth in Commentary .01 except for the minimum market capitalization requirement in Commentary .01(i). *See* Rule 915ByRDs, Commentary .02.

Clearing Corporation (the “OCC”).⁶

ByRDs are binary options and, as such, differ from traditional options traded on U.S. options exchanges by providing a discontinuous or non-linear payout. The payout of a ByRD options contract is an amount contingent upon the occurrence of the option being in- or at-the-money at expiration rather than the degree to which the option is in-the-money.⁷ An in-the-money ByRD options contract will pay a fixed sum at expiration regardless of the magnitude of the difference between the option’s strike price and the settlement price.⁸ A “Finish High” ByRD (equivalent to a call option) returns \$100 per contract if the settlement price of the underlying security is above the strike price at expiration, and a “Finish Low” ByRD (equivalent to a put option) returns \$100 per contract if the settlement price of the underlying security is below the strike price at expiration.⁹

Currently, Rule 910ByRDs(a) provides that the Exchange will use the “composite price” VWAP during regular trading hours for the entire business day of their expiration, or, in the case of an option contract expiring on a day that is not a business day, the entire business day immediately preceding the expiration date. The rule further provides that to calculate the VWAP, the Exchange would use composite prices during regular trading hours as reported by industry price vendors.¹⁰

If the security underlying a ByRDs option contract does not trade or is unavailable during regular trading hours at expiration, the settlement price may be fixed pursuant to the OCC’s rules on a basis that the OCC believes is appropriate under the circumstances,

⁶ *See* Rule 900ByRDs(b)(1).

⁷ The Exchange proposes to add this sentence to the definition of Binary Return Derivatives in Rule 900ByRDs(b)(1). The purpose for amending the current definition is to illustrate that a transaction in a ByRDs contract is an ‘all-or-none’ proposition.

⁸ Under Rule 900ByRDs(b)(5), the term “settlement price” means the all-day VWAP of the composite prices of the security underlying the Binary Return Derivatives during regular trading hours on the business day of their expiration, or, in the case of an option contract expiring on a day that is not a business day, on the last trading day prior to expiration.

⁹ *See* Rule 900ByRDs(b)(2) and (3). Each of the “Finish High” or “Finish Low” ByRDs option contract may be bought or sold.

¹⁰ Composite prices are prices reported to the consolidated tape from any participating exchange or market. The OCC currently uses composite pricing in connection with the settlement of expiring equity options. The composite closing price is the last reported sale price from any eligible trade source (*i.e.*, primary listing market or participating regional market). It is not an average price. *See* Securities Exchange Act Release No. 49045 (January 8, 2004), 69 FR 2377 (January 15, 2004) (notice of filing and immediate effectiveness of File No. SR–OCC–2003–01).

including using the last sale price during regular trading hours on the most recent trading day for which a last sale price is available.¹¹

Exchange rules also currently provide that the settlement price is calculated such that it will always round up \$.01 in those instances when the settlement price exactly equals an expiring strike price.¹² For example, if the calculated settlement price is \$20.00, and there are expiring ByRDs Finish High and Finish Low contracts with a strike price of \$20.00, the settlement price is rounded up to \$20.01 so that the Finish High options will pay off. The effect of rounding is to have long \$20.00 strike Finish High holders receiving \$100.00 and long \$20.00 strike Finish Low holders receiving \$0. Absent this rounding, a participant may potentially have a position that appears to guarantee a pay-off of \$100 at expiration but would instead receive \$0. For example, if an investor holds both a \$20.00 strike Finish High contract and a \$20.00 strike Finish Low contract, the investor will receive \$0 if the settlement price was calculated to exactly equal the \$20.00 strike price. Although the risk of the settlement price equaling the strike price is small, the Exchange believes that this could cause problems both for hedging and explaining to investors what would happen in the unusual circumstance where the settlement price matched the strike price of an expiring ByRDs option contract exactly. This rounding method ensures that either the Finish High or the Finish Low ByRDs option contracts will always pay off at expiration. The Exchange believes this results in less opportunity for investor confusion and less uncertainty for participants as a whole.

Proposed Rule Change

The purpose of the proposed rule change is to determine the settlement price of a ByRDs options contract by using the underlying security’s Closing Price, in place of using the security’s composite price VWAP on the day of expiration. In connection with the proposed rule change, the Exchange proposes the following changes to certain of the rules that permit the listing and trading of ByRDs.

First, the Exchange proposes to modify Rule 900ByRDs(b)(1) by amending the definition of “Binary Return Derivatives,” maintaining that ByRDs are European-style, but specifying more clearly via a new sentence that “ByRDs are automatically exercised at expiration pursuant to the

¹¹ *See* Rule 910ByRDs, Commentary .01.

¹² *See* Rule 910ByRDs, Commentary .02.

Rules of the Options Clearing Corporation, returning the settlement amount, equal to \$100, if the underlying security closes (1) at or above the strike price at expiration for Finish High ByRDs or (2) below the strike price at expiration for Finish Low ByRDs.” The Exchange also proposes to modify Rule 900ByRDs(b)(2) and Rule 900ByRDs(b)(3) to reflect the elimination of settlement price rounding practices, specifying instead that “Finish High” ByRDs return \$100 if the underlying security closes at or above the strike price at expiration (*i.e.*, in- or at-the-money) and “Finish Low” ByRDs return \$100 if the underlying security closes below the strike price at expiration (*i.e.*, in-the-money).

The Exchange next proposes to modify current Rule 900ByRDs(b)(5) by amending the definition of “Settlement Price” to mean the closing price of the security underlying the Binary Return Derivatives as reported by the primary listing market on the business day of their expiration, or, in the case of an option contract expiring on a day that is not a business day, on the last trading day prior to expiration. In connection with this change, the Exchange also proposes to delete Rule 900ByRDs(b)(4) in its entirety and renumber current Rule 900ByRDs(b)(5) and current Rule 900ByRDs(b)(6) (while also implementing minor language changes to current Rule 900ByRDs(b)(6) to further specify that the ByRDs settlement amount is a fixed amount in cash equal to \$100) as Rule 900ByRDs(b)(4) and Rule 900ByRDs(b)(5), respectively.

Next, the Exchange proposes to modify the first sentence of Rule 910ByRDs(a) to specify that ByRDs are “at-the-money,” “in-the-money,” or “out-of-the-money” as a function of the settlement price of the underlying security in relation to the type of ByRDs option (*i.e.*, Finish High or Finish Low) and the exercise price. The Exchange also proposes to revise the second sentence of Rule 900ByRDs(a). As proposed, the revised sentence would be as follows: “The Exchange will use the closing price of the security underlying the Binary Return Derivative as reported by the primary listing market on the business day of their expiration, or, in the case of an option contract expiring on a day that is not a business day, the business day immediately preceding the expiration date as reported by industry price vendors.”

Next, the Exchange proposes to delete current rule text in Rule 910ByRDs, Commentary .02, which discusses current settlement price rounding

practices, and replace it with proposed new rule text on how Finish High ByRDs will instead return the settlement amount if the underlying security closes at or above the strike price, while Finish Low ByRDs will return the settlement amount if the underlying security closes below the strike price.

The Exchange also proposes to amend Rule 915ByRDs, Commentary .01, to (a) raise the minimum market capitalization requirement in Rule 915ByRDs, Commentary .01(i) from \$40 billion to \$290 billion; and (b) adopt a new listing standard in Rule 915ByRDs, Commentary .01(vi), which would require a newly listed ByRDs option contract to “maintain an average daily trading value in the primary listing market’s closing auction of at least \$10 million over the prior six months.” The Exchange proposes to adopt the same listing criteria as a continued listing requirement in Rule 916ByRDs, Commentary .01(vi), for a ByRDs option contract.

Pursuant to Rule 958ByRDs, a Market Maker appointed to a ByRDs option contract is expected to quote with no more than \$0.25 between the bid and the offer for each ByRDs contract, except during the last trading day prior to expiration, when the maximum width may be \$0.50.¹³ The Exchange proposes to adopt new Commentary .02 under Rule 958ByRDs, which would provide that a Market Maker is not required to enter quotations in the ByRDs option contract in which it is appointed, but will be subject to the expectations set forth in Rule 958ByRDs if it chooses to do so. The Exchange believes not requiring Market Makers to continuously enter quotations in their appointed ByRDs class is appropriate because Market Maker appointments apply at the underlying security level, and a Market Maker appointed in an underlying security is therefore automatically appointed in that security’s corresponding ByRDs option contract as well, regardless of whether the Market Maker has chosen to participate in that product. Given that an appointment occurs automatically rather than by a Market Maker’s election, the Exchange does not believe it would be appropriate to enforce continuous quoting obligations in a ByRDs option contract absent some affirmative indication, such as entering a quote, that the Market Maker has chosen to participate in a particular series. If the Exchange required Market Makers to meet continuous quoting obligations in ByRDs option contracts regardless of this automatic

appointment, a Market Maker could be penalized for choosing not to quote despite never having elected to make a market in that product. The Exchange believes providing Market Makers with this flexibility promotes clarity and would encourage Market Maker participation without inadvertently penalizing them for not continuously quoting in a product in which they were automatically, rather than voluntarily, appointed.

The Exchange also proposes to amend Rule 980ByRDs to specify that at-the-money Finish High ByRDs will be automatically exercised in accordance with changes made to eliminate settlement price rounding practices, as proposed in amended Rule 910ByRDs, Commentary .02, discussed above.

Finally, the Exchange proposes to add new paragraph (v) to current Rule 928.1NYP(a)(3) to specify that the Arbitrage Checks for buy orders or quotes set forth in Rule 928.1NYP(b) and the Intrinsic Value Checks for sell orders or quotes set forth in Rule 928.1NYP(c) would not apply to Binary Return Derivatives. The Price Reasonability Checks are intended to prevent erroneous executions by automatically rejecting or cancelling orders that breach historical boundaries or arbitrage limits (such as buying a put option for more than its strike price). However, since ByRDs have a non-linear, “all-or-nothing” payout, the protections provided in Rule 928.1NYP are not needed. At expiration, they pay a completely flat, fixed return of exactly \$100.00 per contract if they finish in-the-money or at-the-money, regardless of whether the stock clears the strike price by one penny or one hundred dollars; If they finish out-of-the-money, they pay \$0.00. Because ByRDs lack traditional standard intrinsic value curves, the Exchange’s standard algorithmic checks designed for traditional equity options would not apply.¹⁴ In connection with this change, the Exchange proposes to adopt new Rule 928.1NYP(e) to reject all Limit Orders and quotes for ByRDs above the Exchange-designated maximum price for that class as determined on a class basis.¹⁵ Pursuant to Rule

¹⁴ The proposal to exclude Price Reasonability Checks from applying to ByRDs is not novel. See Rules 967NY, Commentary .01, and 967.1NY, Commentary .01. These rules applied to the trading of ByRDs on the Exchange’s legacy trading platform before the Exchange migrated to Pillar, the Exchange’s current trading platform. With this proposed rule change, the Exchange proposes to re-establish the exclusion that previously applied to ByRDs.

¹⁵ See proposed Rule 928.1NYP(e), which provides that the “Exchange will apply a maximum

¹³ See Rule 958ByRDs.

975NY(d)(3)(A), any transaction in ByRDs that is (1) higher or lower than the Theoretical Price by \$0.50 or more or (2) at a price greater than \$1.02 shall be deemed a Catastrophic Error, subject to the adjustment procedures of Rule 975NY(d)(3) unless such adjustment would result in a price higher than \$1.02, in which case the adjustment price shall be \$1.02. As a result, the Exchange believes it is appropriate to reject all Limit Orders and quotes for ByRDs above the Exchange-designated maximum price, *i.e.*, \$1.02.

The Exchange believes adopting the Closing Price to determine the settlement price of an expiring ByRDs option contract has several benefits and is appropriate for four reasons. First, the Closing Price is considered the most carefully determined price of the day. The Closing Price is determined by a call auction process run by the underlying security's primary listing exchange, which allows market participants to participate in real-time price discovery. It represents the consensus value after a full day of price discovery, with maximum participation from all market participants. Second, auctions are the among the most transparent parts of the market. Primary listings markets disseminate auction information frequently during a prescribed period of time, providing transparency to all market participants. This real-time flow of data—including indicative prices, imbalances, and matched volumes—gives all participants equal visibility in where the market is heading before the price is set. Third, Closing Prices (especially in highly-liquid securities such as those that qualify for ByRDs listings) are stable and not susceptible to manipulation. Because the Closing Price is set through a structured, transparent, rules-based auction aggregating broad order flow, it is far less susceptible to end-of-day price manipulation than other point-in-time benchmarks. Closing auction mechanisms are designed to make Closing Prices more reliable and less vulnerable to manipulation, providing a more robust and manipulation-resistant closing price discovery mechanism that reflects true supply and demand. Fourth, there is a concentration of liquidity to determine the Closing Price. Closing auctions within U.S. equity markets have grown significantly—in 2026, they have matched just over \$100 billion per day and accounted for 9.4%

price protection for Binary Return Derivatives on a class basis, pursuant to which the Exchange rejects all Limit Orders and quotes for Binary Return Derivatives above the Exchange-designated maximum price for that class.”

of total notional value traded.¹⁶ This concentration of liquidity makes closing auctions an especially efficient execution point, as large orders can be filled with minimal price impact.¹⁷

The continually-growing liquidity in closing auctions has been highlighted by numerous market practitioners and academics. NYSE and Nasdaq, in their capacity as primary listing exchanges, have each published several articles detailing liquidity trends and price-formation dynamics in their respective closing auctions.¹⁸ Due to the significant liquidity now present in closing auctions, auction “price impact is lower than during continuous trading.”¹⁹ Closing auctions’ growing liquidity encourages market participants to optimize their participation,²⁰ in turn adding still more liquidity and contributing to rising closing auction trade sizes. As State Street Investment Management recently stated:

“If the rise of Market-on-Close volume is best viewed as a structural response to the growth of indexing and benchmark-centric execution, we believe this cycle will continue: more indexing leads to more reliance on the close, which deepens liquidity at the final print and further anchors execution to that benchmark.”²¹

Additionally, the Commission has also recently issued Release No. 34–105882, “. . . Granting Conditional Exemptive Relief to the Chicago Mercantile Exchange Inc. from the Opening Price Settlement Requirements of Rule 6h–1(b) Under the Exchange Act for Certain Cash-Settled Security Futures.”²² To establish a single-stock futures product, which like binary options, is cash-settled, CME has received an exemption to use a closing price rather than an opening price settlement. In their application for this exemption, CME highlighted the growth in closing auction volumes in US equity markets and the use of official closing

prices in other products to support the position that closing auction liquidity was sufficiently robust to absorb any additional liquidity needs related to new derivative products.²³

When ByRDs were designed, the Exchange noted that by using a VWAP a trader may “smooth” the average price paid or realized for a large position. Specifically, the VWAP for a given underlying security means the sum of the dollar value of trades reported to the Consolidated Tape (price multiplied by number of shares traded) divided by the total number of shares traded during the entire last day of trading on the business day of their expiration. The concern at the time was that a single closing price could be more susceptible to manipulation, and that smoothing over a full day of trading would produce a more representative settlement value. The Exchange believes that rationale has been substantially overtaken by market structure developments over the last 2 decades, and that the Closing Price is now a superior alternative. For one, a VWAP settlement requires aggregating all trades reported to the Consolidated Tape across the entire trading day. This creates several practical problems: it depends on data vendor accuracy and timeliness, it requires handling of out-of-sequence and late reported trades (which can distort the calculation), and it is not a number any participant can observe in real time. By contrast, the closing price from the primary listing market is a single, publicly observable, instantaneous value produced by a supervised exchange auction process, available immediately and unambiguously at 4:00 p.m. Second, a full-day VWAP creates hedging complexity and mismatch. Because ByRDs currently settle on the full-day VWAP, a holder trying to hedge a ByRDs position on expiration day cannot do so cleanly—their hedge would need to track the cumulative weighted average of all trades from open to close, which shifts continuously throughout the day in ways that are difficult to replicate. A closing-price settlement, by contrast, would allow hedgers to concentrate their activity in the closing auction, which is exactly what participants in standard listed equity options already do. This alignment with standard options hedging practice would reduce friction and basis risk. The Exchange acknowledges that for cash-settled options generally, settlement based on the Closing Price may concentrate the unwinding of hedge positions in the

¹⁶ NYSE TAQ Consolidated Trade Data. Data through August 21, 2026.

¹⁷ *Id.*

¹⁸ See <https://www.nyse.com/data-insights/nyse-closing-auction-price-discovery-opportunities-reach-new-highs> and <https://www.nasdaq.com/articles/market-close-most-important-price-day>.

¹⁹ Vincent Bogousslavsky, Dmitriy Muravyev, *Who trades at the close? Implications for price discovery and liquidity*, Journal of Financial Markets, Volume 66, 2023, 100852, ISSN 1386–4181, <https://doi.org/10.1016/j.finmar.2023.100852>.

²⁰ “We are spending as much time as we ever have to understand the close and to optimizing engaging in the close,” Reyes said. From https://www.tradersmagazine.com/featured_articles/liquidity-remains-holy-grail-in-equities/.

²¹ <https://www.ssga.com/us/en/intermediary/insights/how-passive-investing-reshaping-microstructure>.

²² <https://www.sec.gov/files/rules/exorders/2026/34-105882.pdf>.

²³ <https://www.sec.gov/files/rules/exorders/2026/34-104786.pdf>.

closing auction, which adds a layer of mechanical flow that can amplify volatility. The Exchange believes, however, that this consideration does not raise significant concerns with respect to ByRDs, for the following reasons. First, ByRDs are subject to comparatively low position limits. Pursuant to Rule 904ByRDs, Binary Return Derivatives on each underlying security are subject to a position limit of 25,000 contracts on the same side of the market. This is the lowest position limit applicable to any options product under Rule 904, Commentary .07(e). The Exchange believes that this limit constrains the size of any hedge position that a market participant could be required to unwind at expiration. Second, the need to unwind positions in the underlying security at or near expiration is not a new risk introduced by closing-price settlement. Such activity was equally present under the VWAP settlement methodology when ByRDs were initially approved. Accordingly, the Exchange believes that the proposal does not introduce a new category of hedging activity. Third, the universe of eligible underlying securities is highly liquid. As set forth in Rule 915ByRDs, Commentary .01, an underlying security must satisfy heightened eligibility requirements, including a minimum market capitalization of \$290 billion and a minimum average daily trading value of \$10 million in the primary listing market's closing auction. In light of these requirements, the Exchange believes that any hedge unwinding at the close can be absorbed by the market without undue price impact. Lastly, VWAP is more susceptible to intraday manipulation than a supervised closing auction. This is somewhat counterintuitive given the original rationale for VWAP, but it is well-supported. "Marking the close"—where participants deliberately transact in the final period to move the VWAP toward a favorable settlement—is classified as market manipulation. Because VWAP is computed from all Consolidated Tape prints throughout the day, large coordinated order flow at any point during the session can shift the VWAP in ways that are difficult to detect in real time. A closing auction, by contrast, is a supervised, transparent, single-price process with published imbalance information that regulators and surveillance systems can monitor closely.²⁴

²⁴ NYSE improved transparency by moving the publication of auction imbalance information to 3:50 p.m., further hardening the auction against manipulation by giving market participants more

To reinforce the resilience of the ByRDs settlement price against manipulation, the Exchange proposes to condition ByRDs listing eligibility on the presence of sufficient closing auction liquidity. Specifically, as noted above, the Exchange proposes to amend Rule 915ByRDs, Commentary .01, to add a new eligibility requirement for the initial listing of a ByRDs option contract on an underlying stock. Proposed Rule 915ByRDs, Commentary .01(vi) would provide that to be eligible for an initial listing, individual stocks "maintain an average daily trading value in the primary listing exchange's closing auction of at least \$10 million over the prior six months."²⁵ The proposed new eligibility requirement would apply to the initial and continued listing of ETFs and Section 107 Securities also as the current rule provides that to be eligible for an initial listing of a ByRDs option contract, an ETF or Section 107 Security must meet the criteria for individual stocks set forth in Rule 915ByRDs, Commentary .01. Additionally, the proposed increase to the minimum market capitalization requirement, from \$40 billion to \$290 billion, would limit the number of underlying securities that would be eligible for an initial listing of a ByRDs option contract.²⁶

Applying both the amended ByRDs listing liquidity thresholds and the newly-proposed auction liquidity threshold to eligible listed securities yields 100 eligible ByRDs underliers, as opposed to the 305 eligible ByRDs underliers without the newly proposed criteria. The median closing auction value traded across these 100 eligible securities is \$92.5 million per day, based on a recent review conducted by the Exchange.

The Exchange believes the proposed new eligibility requirement makes using Closing Price to determine the settlement price less susceptible to manipulation. Because the Closing Price is set through a single, centralized auction that consolidates the full day's residual buying and selling interest into one print, influencing that price requires trading against the entire pool

time to respond to imbalances. See Securities Exchange Act Release No. 100327 (June 13, 2024), 89 FR 51918 (June 20, 2024) (SR-NYSE-2024-13) (Order Approving a Proposed Rule Change Amending Rule 7.35 and Rule 7.35B).

²⁵ The Exchange proposes amending Rule 916ByRDs, Commentary .01, which would require the proposed new eligibility requirement for the continued listing of a ByRD contract also.

²⁶ The Exchange represents that it will monitor both initial and continued listing criteria applicable to ByRDs on an ongoing basis and will submit a proposed rule change to make changes no later than four months from the date that ByRDs begin to trade on the Exchange.

of auction liquidity rather than a thin, point-in-time quote. At the liquidity levels required by proposed new Rule 915ByRDs, Commentary .01(vi), a participant seeking to move the close by any meaningful amount would have to commit substantial capital against prevailing order flow and absorb the offsetting interest of other participants, all within a brief and closely observed window. The closing auction's transparency compounds that burden: with indicative prices, imbalances, and matched volumes disseminated in real time, a distortive order becomes visible to the market and tends to draw offsetting liquidity that both counters it and further stabilizes the Closing Price. The economic cost and ready detectability of such conduct, together with the deep and growing liquidity of U.S. closing auctions described above, make the closing auction a robust and manipulation-resistant basis for determining ByRDs settlement prices.

Similarly, the Exchange believes eliminating the settlement price rounding convention is reasonable and appropriate because it removes an unnecessary and artificial adjustment to price data that is no longer needed to achieve its intended purpose. Under the current rules, the Settlement Price is rounded up \$0.01 whenever it would otherwise exactly match the strike price of an expiring ByRDs option contract, solely to ensure that a Finish High contract pays off rather than leaving both the Finish High and Finish Low contracts unexercised. However, because Finish High ByRDs as proposed would be defined to pay off whenever the underlying security closes at or above the strike price—a category that already includes an exact match—this outcome is achieved automatically by the definition itself, without requiring any adjustment of the reported price.

The Exchange believes that removing the rounding convention has several benefits. First, it allows the Settlement Price to reflect the underlying security's actual, unadjusted Closing Price, rather than an artificial value that may not correspond to any price at which the security actually traded or was reported. This promotes transparency and consistency between the Settlement Price used for ByRDs and the Closing Price used elsewhere for the same underlying security. Second, it would simplify the rule structure by resolving the at-the-money scenario through the proposed payout definitions of a Finish High ByRD and a Finish Low ByRD, rather than through a separate, purpose-built rounding mechanism layered on top of such rules. Lastly, it would eliminate any potential investor

confusion that could arise from a reported Settlement Price that differs by \$0.01 from the security's actual closing price for no economic reason other than avoiding a tie. For these reasons, the Exchange believes the proposed change is consistent with accurately and transparently determining ByRDs settlement outcomes and does not disadvantage either side of an expiring Finish High or Finish Low ByRDs option contract.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Act²⁷ in general, and furthers the objectives of Section 6(b)(5) of the Act.²⁸ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) 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.

Specifically, the Exchange believes that adopting the Closing Price to determine the settlement price of an expiring ByRDs option contract would increase participation among investors to trade in binary options given the importance of the closing auction on primary listing markets and, as discussed above, would reduce the hedging friction and basis risk associated with the current full-day VWAP methodology by aligning ByRDs settlement with the closing-auction hedging practices already standard among listed options market participants, a benefit that also furthers the protection of investors by reducing the difficulty of explaining and managing settlement risk for ByRDs holders. The NYSE closing auction remains the largest liquidity event in the U.S. equity market. The closing price produced by these auctions reflects a deep concentration of institutional and retail order flow precisely calibrated to produce a single, authoritative reference price, and thereby remove any impediments to and perfect the mechanism of a free and open market.

The Exchange believes the proposal to adopt the Closing Price to determine the

settlement price of an expiring ByRDs option contract would remove impediments to and perfect the mechanism of a free and open market for several reasons. First, the Closing Price is considered the most carefully determined price of the day as it is determined by a call auction process run by the underlying security's primary listing exchange, which allows market participants to participate in real-time price discovery. Second, primary listing markets disseminate auction information frequently during a prescribed period of time, providing transparency to all market participants. This real-time flow of data gives all participants equal visibility in where the market is heading before the price is set. Third, closing prices (especially in highly-liquid securities such as those that qualify for ByRDs listings) are stable and not susceptible to manipulation. Because the Closing Price is set through a structured, transparent, rules-based auction aggregating broad order flow, it is far less susceptible to end-of-day price manipulation than other point-in-time benchmarks consistent with the Section 6(b)(5) requirement that exchange rules be designed to prevent fraudulent and manipulative acts and practices. By contrast, because VWAP is computed by aggregating trades reported to the Consolidated Tape across the entire trading day, it can be moved by coordinated trading at any point during the session in ways that are difficult to detect in real time, a vulnerability the proposed change eliminates by settling ByRDs against a single, supervised auction print instead. Closing auction mechanisms are designed to make Closing Prices more reliable and less vulnerable to manipulation, providing a more robust and manipulation-resistant closing price discovery mechanism that reflects true supply and demand. Lastly, closing auctions within U.S. equity markets have grown significantly. This concentration of liquidity makes closing auctions an especially efficient execution point, as large orders can be filled with minimal price impact.

The Exchange believes that the proposed rule change would remove impediments to and perfect the mechanism of a free and open market and a national market system because it would determine the settlement price of a ByRDs option contract using the Closing Price of the underlying security at expiration, while also reinforcing the resistance of that settlement price to manipulation. The Closing Price is a carefully designed, rules-based reference anchored to a closing auction

process: transparent, liquidity-rich, resistant to manipulation, and widely trusted. Using it to settle an expiring ByRDs option contract further perfects the mechanism of a free and open market because it would yield a settlement price that reflects the most recent and reliable market information available. The proposed rule change also furthers the Act's objective of fostering cooperation and coordination among persons engaged in facilitating transactions in securities by relying directly on the auction process conducted by the underlying security's primary listing market rather than requiring the Exchange to independently construct a settlement value. The Exchange does not believe that using Closing Price to determine the settlement price of a ByRDs option contract at expiration would render the marketplace for such options more susceptible to manipulative practices. The Exchange notes that, as discussed above, the Commission has recognized the robustness of closing auction liquidity in an analogous context, granting the Chicago Mercantile Exchange conditional exemptive relief to use a closing, rather than opening, price to settle certain cash-settled single-stock futures based in part on the growth of closing auction volumes and the use of official closing prices in other products, which the Exchange believes further supports the reliability of the Closing Price as a settlement benchmark for ByRDs.

The Exchange believes that the trading of ByRDs would provide investors with a potentially useful investment choice, which aids in perfecting the mechanism of a free and open market and a national market system. In addition, and consistent with the Commission's findings when initially approving ByRDs for listing, listing ByRDs "will extend to certain binary options the benefits of a listed exchange market, which include: A centralized forum for price discovery; pre- and post-trade transparency; standardized contract specifications; and the guarantee of the OCC."²⁹ The Exchange believes those benefits are reinforced, rather than diminished, by a settlement price that is itself transparent and manipulation-resistant, since the value of a centralized, standardized, OCC-guaranteed market depends in part on the integrity of the price used to determine the payout of an auto-exercised contract.

The Exchange also believes that eliminating the settlement price rounding convention in favor of

²⁷ 15 U.S.C. 78f(b).

²⁸ 15 U.S.C. 78f(b)(5).

²⁹ See *supra* note 5 at 46524.

allowing the Finish High and Finish Low definitions to resolve the at-the-money scenario is consistent with Section 6(b)(5) and, in particular, promotes just and equitable principles of trade and protects investors and the public interest. The proposed change is intended to add clarity and transparency to Exchange rules making them easier to navigate and comprehend and does not change the outcome of a position in a ByRDs option contract under the current rules. Because Finish High ByRDs as proposed are defined to pay off whenever the underlying security closes at or above the strike price, the existing rounding convention is an unnecessary artificial adjustment to the reported Closing Price that is no longer needed to produce a definitive outcome for expiring at-the-money contracts. Removing this convention ensures that the settlement price used for ByRDs reflects the underlying security's actual, unadjusted Closing Price, consistent with the transparency and manipulation-resistance benefits described above, rather than a value adjusted for a purpose unrelated to the integrity of that price. The Exchange believes this promotes investor understanding of how ByRDs are settled and removes an impediment to a free and open market by eliminating a divergence between the settlement price used for ByRDs and the actual Closing Price of the underlying security.

The Exchange believes the proposed increase to the minimum market capitalization requirement coupled with the proposed addition of the new eligibility requirement for the initial and continued listing of a ByRDs option contract would remove impediments to and perfect the mechanism of a free and open market because only a select list of 100 underlying securities would meet the qualification requirement to have a ByRDs option contract listed on, which further ensures that a ByRDs option contract would only be listed on some of the most liquid and actively-traded underlying securities. Applying both the existing ByRDs listing liquidity thresholds, with an increased minimum market capitalization requirement, and the newly-proposed \$10 million average daily closing auction trading value threshold yields approximately 100 eligible ByRDs underliers, with a median closing auction value traded of \$92.5 million per day across those securities. At these liquidity levels, a participant seeking to move the Closing Price by a meaningful amount would need to commit substantial capital against prevailing order flow within a brief, closely observed window, and the

closing auction's real-time dissemination of indicative prices and imbalances would make such an attempt visible to the market and likely to draw offsetting liquidity, consistent with the Exchange's own recent enhancement moving publication of auction imbalance information earlier in the day.³⁰ The Exchange believes the proposed eligibility criteria to qualify the listing of a ByRDs option contract is consistent with Section 6(b) of the Act, in general, and furthers the objectives of Section 6(b)(5), in particular, because it is 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 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 because only large, well-capitalized, and highly liquid issuers would qualify. Securities with high market capitalization and liquid markets are generally less susceptible to manipulation because of the substantial capital required to artificially influence prices of those securities. The depth and breadth of trading activity for securities with significant market capitalization make it unlikely that a single market participant would be able to exert undue influence on the price of such a stock, as large volumes of buyers and sellers are what ultimately continuously reflect the true market value of the stock.

The proposed rule change to use the Closing Price to determine the settlement price on the 100 underlying securities is designed to promote just and equitable principles of trade in that the proposal would give market participants an alternative to trading similar products in the over-the-counter (OTC) market. By trading a product in an exchange-traded environment (that is currently traded in the OTC market or other platforms that trade binary options), the Exchange would be able to compete more effectively with the OTC market. The Exchange believes the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that it would lead to the migration of options currently trading in the OTC market and other platforms to trading on the Exchange, where such trading would become subject to the Exchange's surveillance, audit trail, and member conduct rules that do not apply to comparable OTC or other-platform trading today. Also, any

migration to the Exchange from such other markets would result in increased market transparency. Additionally, the Exchange believes the proposed rule change is designed to remove impediments to and to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest in that it should create greater trading and hedging opportunities and flexibility. The proposed rule change should also result in enhanced efficiency in initiating and closing out positions and heightened contra-party creditworthiness due to the role of OCC as issuer and guarantor of ByRDs option contracts. Further, the proposed rule change would result in increased competition by permitting the Exchange to offer products that are currently available for trading in the OTC market and other platforms.

The Exchange believes not requiring Market Makers to continuously enter quotations in their appointed ByRDs class is consistent with the Act, protects investors, and prevents fraudulent and manipulative acts because Market Maker appointments apply at the underlying security level, and a Market Maker appointed in an underlying security is therefore automatically appointed in that security's corresponding ByRDs option contract as well, regardless of whether the Market Maker has chosen to participate in that product. Given that an appointment occurs automatically rather than by a Market Maker's election, the Exchange does not believe it would be appropriate to enforce continuous quoting obligations in a ByRDs option contract absent some affirmative indication, such as entering a quote, that the Market Maker has chosen to participate in a particular series.

The Exchange believes the proposed amendments to Rule 928.1NYP promotes just and equitable principles of trade and removes impediments to and perfects the mechanism of a free and open market and a national market system and protects investors, to not apply the Price Reasonability Checks to ByRDs is a reasonable and justified product-specific accommodation that promotes orderly trading and clear, consistent treatment of transactions in these contracts. Additionally, applying a maximum execution price protection for ByRDs on a class basis, pursuant to which any execution price for a ByRDs option contract above the Exchange-designated maximum execution price for that class would be rejected would promote just and equitable principles of trade and remove impediments to and perfects the mechanism of a free and

³⁰ See note 25, *supra*.

open market and a national market system and protects investors. This protection provides investors with an additional safeguard against executions at potential erroneous prices, which the Exchange believes protects investors and the public interest.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because the proposed rule change to use the Closing Price to determine the settlement price of ByRDs option contracts will apply equally to all market participants who wish to trade such options on the same terms and in the same manner (including with respect to the payout terms and amount). All market participants will be subject to the same rules applicable to ByRDs option contracts, as described in this proposed rule change. Except as set forth in this proposed rule change, ByRDs option contracts will trade in the same manner as other options on the Exchange.

The Exchange does not believe the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because other options exchanges may propose similar binary options. Additionally, substantively similar products to ByRDs option contracts are available in the OTC market and various other trading platforms.

The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues who offer similar products. The Exchange believes the proposed rule change will provide investors with a comparable alternative to the OTC market and other trading venues. The Exchange believes it may be a more attractive alternative to the OTC market and these other venues, as market participants will benefit from being able to trade these options in an exchange environment, which provides, among other things: (1) enhanced efficiency in initiating and closing out positions; (2) increased market transparency; and (3) heightened contra-party creditworthiness. As a result, the Exchange believes that the proposed rule change may relieve any burden on, or otherwise promote, competition, as it

will allow the Exchange to offer a securities exchange-listed alternative to the products currently available in these other markets.

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

No written comments were solicited or received with respect to the proposed rule change.

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

Because the foregoing proposed rule change does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act³¹ and subparagraph (f)(6) of Rule 19b-4 thereunder.³²

A proposed rule change filed under Rule 19b-4(f)(6)³³ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),³⁴ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposed rule change may become operative upon filing. The proposed rule change is designed to provide market participants with additional trading and hedging opportunities that could be better tailored to their investment objectives. The Exchange has proposed heightened eligibility criteria that would limit the underlying equity securities on which the Exchange could list a ByRDs option contract to 100 highly-liquid securities. This limitation should help mitigate the impact (if any) of ByRDs on the closing process of the underlying equity securities and the concern that using an equity security's Closing Price to determine the settlement price at expiration for a ByRDs option contract overlying that equity security could

cause excessive volatility or an increased potential for manipulation at the close in the underlying security. For these reasons, the Commission finds that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the operative delay and designates the proposal operative upon filing.³⁵

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-NYSEAMER-2026-96 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-NYSEAMER-2026-96. 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

³¹ 15 U.S.C. 78s(b)(3)(A).

³² 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

³³ 17 CFR 240.19b-4(f)(6).

³⁴ 17 CFR 240.19b-4(f)(6)(iii).

³⁵ For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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–NYSEAMER–2026–96 and should be submitted on or before November 30, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁶

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–22132 Filed 10–29–26; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106744; File No. SR–CboeBYX–2026–039]

Self-Regulatory Organizations; Cboe BYX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 11.1(a) To Adopt a Start Time Order Instruction

October 27, 2026.

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 October 15, 2026, Cboe BYX Exchange, Inc. (the “Exchange” or “BYX”) 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 Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b–4(f)(6) thereunder.⁴ 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 BYX Exchange, Inc. (“BYX” or the “Exchange”) is filing with the Securities and Exchange Commission (“Commission” or “SEC”) a proposed rule change to amend Rule 11.1(a) to adopt a Start Time order instruction, based on the Start Time instruction adopted by its affiliated exchange, Cboe EDGX Exchange, Inc. (“EDGX”). The

text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also 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/byx/), 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 Rule 11.1(a) to adopt a “Start Time” order instruction that would permit a User to designate, in thirty-minute increments prior to the commencement of Regular Trading Hours,⁵ the time at which an order entered prior to Regular Trading Hours becomes eligible for execution. The proposed rule change is based on EDGX Rule 11.1(a)(2),⁶ but the Exchange is proposing to adopt only the Start Time instruction and related provisions. The Exchange intends to implement the proposed rule change on December 7, 2026, in coordination with the implementation of the Start Time instruction on EDGX, so that Members have access to consistent order handling functionality across the Cboe-affiliated equities exchanges.

Current Rule

Under current Rule 11.1(a), Users may enter orders into the System from 6:00 a.m. until 8:00 p.m. Eastern Time (“ET”).⁷ Orders entered between 6:00

a.m. and 7:00 a.m. are not eligible for execution until the start of the Early Trading Session,⁸ Pre-Opening Session,⁹ or Regular Trading Hours, depending on the Time in Force¹⁰ selected by the User. At the commencement of the Early Trading Session, orders entered between 6:00 a.m. and 7:00 a.m. are handled in time sequence, beginning with the order with the oldest time stamp, and are placed on the BYX Book, routed, cancelled, or executed in accordance with the terms of the order. The current rule therefore provides a single, fixed point (the commencement of the Early Trading Session at 7:00 a.m.) at which orders entered prior to the Early Trading Session become eligible for execution, and does not permit a User to designate a later point prior to Regular Trading Hours at which an order becomes eligible.

Current Rule 11.1(a) also provides that the Exchange will not accept the following orders prior to 7:00 a.m.: BYX Post Only Orders,¹¹ ISOs,¹² BYX Market Orders¹³ other than those with a Time in Force of Regular Hours Only or Stop Orders,¹⁴ Minimum Quantity Orders¹⁵ that also include a Time in Force of Regular Hours Only, RPI Orders,¹⁶ and all orders with a Time in Force of IOC¹⁷ or FOK.¹⁸

Proposed Start Time Instruction

The Exchange proposes to amend the time-sequencing provision so that it is no longer limited to orders entered between 6:00 a.m. and 7:00 a.m., and to adopt a flexible Start Time instruction. As proposed, in addition to the Time in Force, a User may also designate a start time for an order (“Start Time”). Start Times may be designated in thirty-minute increments and must be set to a time prior to the commencement of Regular Trading Hours; Start Times may not be designated during Regular Trading Hours. This language is substantively identical to the Start Time language in EDGX Rule 11.1(a)(2), which replaced EDGX’s 4:00 a.m. Start and 7:00 a.m. Start designations with the same flexible and uniform framework. Because orders on the Exchange are not eligible for execution prior to the commencement of the Early Trading Session at 7:00 a.m., the earliest

⁸ See Exchange Rule 1.5(ff).

⁹ See Exchange Rule 1.5(r).

¹⁰ See Exchange Rule 11.9(b).

¹¹ See Exchange Rule 11.9(c)(6).

¹² See Exchange Rule 11.9(d).

¹³ See Exchange Rule 11.9(a)(2).

¹⁴ See Exchange Rule 11.9(c)(16).

¹⁵ See Exchange Rule 11.9(c)(5).

¹⁶ See Exchange Rule 11.24(a)(3).

¹⁷ See Exchange Rule 11.9(b)(1).

¹⁸ See Exchange Rule 11.9(b)(6).

³⁶ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b–4(f)(6).

⁵ See Exchange Rule 1.5(w).

⁶ See Securities Exchange Act Release No. 105587 (May 29, 2026), 91 FR 33238 (June 3, 2026) (SR–CboeEDGX–2026–019) (Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Amended by Amendment No. 1, To Extend the Exchange’s Trading Hours to 23 Hours per Day, Five Days per Week) (“EDGX Approval Order”).

⁷ See Exchange Rule 11.1(a). All times stated herein are in ET.