

# SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104744; File No. SR- CboeBZX-2026-005]

## Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change to Amend Exchange Rule 14.12

January 29, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 29, 2026, Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Cboe BZX Exchange, Inc. (“BZX” or the “Exchange”) is filing with the Securities and Exchange Commission (“Commission” or “SEC”) a proposal to amend Exchange Rule 14.12 (Failure to Meet Listing Standards) to authorize the Listing Qualifications Department to grant Companies an additional 180-day compliance period for deficiencies related to the beneficial holders continued listings standard (as provided in Rule 14.11) that require submission of a Plan of Compliance under Rule 14.12(f). 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

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

([https://www.cboe.com/us/equities/regulation/rule\\_filings/bzx/](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 is submitting a proposal to amend Exchange Rule 14.12 (Failure to Meet Listing Standards) to authorize the Listing Qualifications Department<sup>3</sup> (“Staff”) to grant Companies<sup>4</sup> an additional 180-day compliance period for deficiencies related to the beneficial holder continued listing standard (as provided under Rule 14.11)<sup>5</sup> that require submission of a Plan of Compliance under Rule 14.12(f).

*Current Rule Framework*

Exchange Rule 14.12 generally governs the procedures for the independent review, suspension, and delisting of Companies that fail to satisfy one or more standards for initial or

<sup>3</sup> See Exchange Rule 14.12(b)(7) (defining “Listing Qualifications Department”).

<sup>4</sup> See Exchange Rule 14.1(a)(3) (defining “Company”).

<sup>5</sup> The “beneficial holders” continued listing requirement refers to the record and/or beneficial holders requirement. See Exchange Rules 14.11(b)(9)(B)(i)(a), 14.11(c)(9)(B)(i)(a), 14.11(e)(4)(I)(i), 14.11(e)(5)(E)(ii)(a), 14.11(e)(6)(E)(ii)(a), 14.11(e)(7)(E)(ii)(a), 14.11(e)(8)(D)(ii)(a), 14.11(e)(9)(D)(ii)(a)(1), 14.11(e)(10)(E)(ii)(d)(1), 14.11(f)(2)(D)(ii)(a), 14.11(f)(4)(C)(ii)(a), 14.11(i)(4)(B)(iii)(a), 14.11(k)(4)(B)(ii)(a), 14.11(l)(4)(B)(i)(c), 14.11(m)(4)(B)(iv)(a), and 14.11(n)(4)(B)(i)(c).

continued listing on the Exchange, and thus are “deficient” with respect to Exchange listing standards.<sup>6</sup> When Staff determines that a Company does not meet a listing standard set forth in Chapter XIV, it will immediately notify the Company of the deficiency.<sup>7</sup>

Unless the Company is currently under review by an Adjudicatory Body for a Staff Delisting Determination, Staff may accept and review a plan to regain compliance (a “Company Compliance Plan”) when a Company is deficient with the beneficial holder continued listing requirement or other applicable requirement.<sup>8</sup>

Existing Exchange Rule 14.12(f)(2)(B)(i) provides that upon review of a Company Compliance Plan, the Exchange may grant an extension of time to regain compliance not greater than 180 calendar days from the date of Staff’s initial notification. If Staff grants an extension, it informs the Company in writing of the basis for granting the extension and the terms of the extension.

*Proposed Amendment*

The Exchange proposes to adopt new Exchange Rule 14.12(f)(2)(B)(ii) to permit the Staff to grant an additional cure period of 180 calendar days, not to exceed a total of 360 calendar days from the date of the Exchange’s initial notification for deficiencies related to the beneficial holders continued listing requirement (as provided in Rule 14.11). A Company currently under review by an Adjudicatory Body for a Staff Delisting Determination will not be eligible for this additional extension. If Staff grants an extension, it will inform the Company in writing of the basis for granting the extension and the terms of the extension.

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<sup>6</sup> See Exchange Rule 14.12(a).

<sup>7</sup> See Exchange Rule 14.12(c).

<sup>8</sup> See Exchange Rule 14.12(f)(2)(A).

The proposed rule change applies to all exchange-traded products (“ETPs”) eligible to list pursuant to Exchange Rule 14.11, regardless of product type or investment strategy. Any issuer that demonstrates quantifiable progress toward compliance with the beneficial holder requirement during the initial 180-day compliance period may be granted the additional time at Staff’s discretion. This approach ensures that all issuers are treated equitably and that compliance timeframes can be appropriately tailored based on objective evidence of progress toward compliance.

The proposed additional 180-day extension would not be automatic but rather would be granted at Staff’s discretion based on quantifiable evidence that the ETP is making progress toward compliance. Staff would evaluate whether the product is demonstrating a clear trend of beneficial holder growth during the initial 180-day compliance period. Given that the beneficial holder requirement is a quantifiable standard (50 beneficial holders), Staff can readily assess whether a product is nearing compliance by reviewing periodic beneficial holder counts and determining whether the product has shown measurable improvement. Staff may consider whether the beneficial holder count has increased by a meaningful percentage during the initial compliance period, whether the rate of holder accumulation is accelerating, or whether the product has achieved a threshold number of holders indicating that compliance is likely within the extended period. This discretionary approach ensures that the additional 180 days is granted only to products demonstrating genuine progress toward compliance, rather than providing an automatic extension that could allow non-viable products to remain listed indefinitely.

While the proposed rule applies uniformly to all products, the Exchange has observed that certain product structures, particularly “Outcome Strategy ETPs” as defined below, may face

unique challenges in achieving beneficial holder requirements within the standard 180-day timeframe due to their structural characteristics and investor usage patterns.

Outcome Strategy ETPs are multiple ETPs listed by an issuer that are each designed to provide (i) a pre-defined set of returns; (ii) over a specified outcome period; (iii) based on the performance of the same underlying instruments; and (iv) each employ the same outcome strategy for achieving the pre-defined set of returns. For example, consider a tranche of funds that seeks to achieve its investment objective through a laddered portfolio of twelve ETFs. The term “laddered portfolio” refers to the fund’s investment in multiple underlying ETFs that have outcome period expiration dates which occur on a rolling, or staggered, basis. Each tranche represents a different vintage or starting point within the same overall strategy, creating a continuous spectrum of investment opportunities for investors seeking to enter the strategy at different times.

The threat of delisting to a single tranche of the series fundamentally impairs the fund manager’s ability to distribute and maintain the entire series. Unlike standalone ETPs, where one product’s delisting does not affect other products, Outcome Strategy ETPs are marketed, distributed, and understood by investors as complete series. An incomplete series creates a competitive disadvantage that extends beyond the non-compliant tranche itself, as financial advisors and institutional investors who allocate to these strategies rely on the availability of a full ladder of expiration dates to implement their investment strategies effectively. An incomplete series may cause these market participants to abandon the entire product suite in favor of competitors offering complete series, resulting in asset outflows and holder reductions across all tranches, including those in full compliance with listing standards.

Many investors in Outcome Strategy ETFs roll assets into the next “front-month” or near-dated tranche as their current holdings approach expiration. This rolling behavior is fundamental to how these products are designed to be used. Accordingly, near-term tranches tend to accumulate assets and beneficial holders while back-dated tranches (those further from expiration) tend to see less interest, fewer assets, and fewer beneficial holders. This creates a predictable pattern where back-dated tranches may temporarily fall below the beneficial holder threshold during their early life but would naturally cure as they become front-month tranches and attract rolling assets from maturing positions. The 180-day timeframe may be insufficient for a newly-launched or back-dated tranche to progress through this natural maturation cycle and benefit from the rolling behavior that drives holder accumulation.

The proposed amendment aligns the Exchange’s rules with competitive practices. While NYSE Arca Rule 5.5-E(m) does not explicitly set forth the parameters of its staff review of a compliance plan, NYSE Arca’s internal policies provide staff with discretion in determining how to handle failures to meet continued listing standards.<sup>9</sup> Specifically, NYSE Arca’s 2025 Listed ETP Compliance Guidance Letter states that staff will conduct its own review and make a determination on how to proceed with non-compliance with continued listing standards. This discretionary framework provides NYSE Arca with flexibility in granting compliance periods. The proposed rule change codifies an explicit maximum compliance period in the Exchange’s rules, providing regulatory certainty while ensuring competitive parity with NYSE Arca’s approach.

The Exchange believes that the proposed additional 180-day compliance period is not a relaxation of listing standards, but rather an appropriate accommodation that aligns compliance

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<sup>9</sup> See Section 2C at [2025\\_NYSE\\_Arca\\_Listed\\_ETP\\_Compliance\\_Guidance\\_Letter.pdf](#).

timeframes with demonstrated progress toward compliance. The extended period maintains meaningful compliance pressure while preventing unnecessary delistings of products that are demonstrably moving toward curing their deficiencies. All other aspects of the Compliance Plan, including the minimum beneficial holder requirement itself and all other continued listing standards, remain unchanged.

## 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.<sup>10</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>11</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>12</sup> 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 rule change removes impediments to and perfects the mechanism of a free and open market and a national market system and protects investors and the public interest by providing Staff with appropriate discretion to grant an additional 180-

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<sup>10</sup> 15 U.S.C. 78f(b).

<sup>11</sup> 15 U.S.C. 78f(b)(5).

<sup>12</sup> Id.

day compliance period (for a total of 360 days from initial notification) when an issuer demonstrates quantifiable progress toward curing a beneficial holder deficiency. The proposed amendment recognizes that a uniform 180-day compliance period may be insufficient in certain circumstances where issuers are making genuine progress toward compliance but require additional time to achieve the listing standard due to product-specific characteristics, market conditions, or other factors affecting beneficial holder accumulation.

The proposed rule change is consistent with the protection of investors and the public interest because it maintains robust listing standards while providing appropriate flexibility to prevent premature delistings of products that are demonstrably moving toward compliance. The additional 180-day compliance period is not automatic but rather is granted at Staff's discretion based on quantifiable evidence that the issuer is making progress toward compliance with the beneficial holder requirement. Staff will evaluate whether the issuer is demonstrating a clear trend of beneficial holder growth during the initial 180-day compliance period. Given that the beneficial holder requirement is a quantifiable standard (50 beneficial holders), Staff can readily assess whether an issuer is nearing compliance by reviewing periodic beneficial holder counts and determining whether the issuer has shown measurable improvement. Staff may consider whether the beneficial holder count has increased by a meaningful percentage during the initial compliance period, whether the rate of holder accumulation is accelerating, or whether the issuer has achieved a threshold number of holders indicating that compliance is likely within the extended period. This discretionary approach ensures that the additional 180 days is granted only to issuers demonstrating genuine progress toward compliance, rather than providing an automatic extension that could allow non-viable products to remain listed indefinitely.

The proposed rule change protects investors by preventing premature delistings that would disrupt the investment strategies of existing holders when issuers are on a clear path to curing deficiencies. Premature delisting forces investors to liquidate positions when the issuer is making demonstrable progress toward compliance, potentially resulting in tax consequences, transaction costs, and the inability to maintain their intended exposure. The extended compliance period, granted based on objective evidence of progress, reduces the likelihood of such disruptions while maintaining meaningful compliance pressure through Staff's ongoing review of beneficial holder trends.

The Exchange believes the proposed rule change promotes just and equitable principles of trade by providing Staff with appropriate flexibility to tailor compliance timeframes to individual circumstances based on objective, quantifiable evidence of progress toward compliance, rather than imposing rigid timeframes that may result in unnecessary delistings. The proposed discretionary framework ensures that compliance timeframes are appropriately calibrated based on demonstrated progress rather than applying uniform deadlines that may not account for varying circumstances affecting beneficial holder accumulation.

While the Exchange has observed that issuers of Outcome Strategy ETPs have been particularly burdened by the existing 180-day compliance timeframe, the proposed rule change is not limited to any specific product type. Outcome Strategy ETPs function as integrated series where individual tranches are interdependent components of a unified investment strategy. These products experience predictable beneficial holder accumulation patterns based on proximity to outcome period expiration, as many investors roll assets into "front-month" or near-dated tranches as their current holdings approach expiration. This creates a pattern where back-dated tranches may temporarily fall below the beneficial holder threshold during their early life but

would naturally cure as they become front-month tranches and attract rolling assets from maturing positions.

However, the proposed rule change applies uniformly to all issuers demonstrating quantifiable progress toward compliance, regardless of product type or investment strategy. Any issuer that demonstrates a clear trend of beneficial holder growth during the initial 180-day compliance period may be granted the additional time at Staff's discretion. This approach ensures that all issuers are treated equitably and that compliance timeframes can be appropriately tailored based on objective evidence of progress toward compliance, while recognizing that certain product structures may face unique challenges in achieving beneficial holder requirements within the standard timeframe.

The proposed rule change also protects investors in products with integrated series structures by preventing cascading non-compliance effects. For products such as Outcome Strategy ETPs that are marketed, distributed, and understood by investors as complete series, the delisting of a single tranche can render the entire series incomplete compared to competing offerings, causing financial advisors and institutional investors to redirect assets to competitors with full product suites. This can trigger holder attrition across all tranches, including those in full compliance with listing standards, potentially creating a cycle of serial non-compliance. The extended compliance period, when granted based on demonstrated progress, provides issuers with sufficient time to implement comprehensive remediation strategies that stabilize integrated product series, protecting the interests of holders across all tranches and preventing unnecessary market disruption. However, this investor protection benefit extends beyond Outcome Strategy ETPs to any product where premature delisting based on temporary beneficial holder

deficiencies could harm investors when the issuer is making measurable progress toward compliance.

The proposed rule change removes impediments to and perfects the mechanism of a free and open market by promoting competitive equity among listing venues. The Exchange is aware that NYSE Arca's internal policies provide staff with discretion in determining how to handle failures to meet continued listing standards, and that NYSE Arca's 2025 Listed ETP Compliance Guidance Letter states that staff will conduct its own review and make a determination on how to proceed with non-compliance with continued listing standards. This discretionary framework provides NYSE Arca with flexibility in granting compliance periods. The proposed rule change codifies an explicit maximum compliance period in the Exchange's rules, providing regulatory certainty and transparency while ensuring that issuers listing on the Exchange are not disadvantaged relative to issuers on competing venues. This promotes fair competition among exchanges and prevents regulatory arbitrage that could disadvantage the Exchange and its listed issuers.

The proposed rule change does not relax or weaken listing standards. The minimum beneficial holder requirement itself remains unchanged at 50 beneficial holders, and all other continued listing standards continue to apply without modification. The proposed amendment merely provides Staff with discretion to grant an extended timeframe for issuers to cure beneficial holder deficiencies when Staff determines, based on quantifiable evidence, that the issuer is making progress toward compliance and that additional time is appropriate. Companies currently under review by an Adjudicatory Body for a Staff Delisting Determination remain ineligible for the additional extension, ensuring that the extended compliance period is available

only during the initial compliance review process and not as a means to indefinitely delay delisting proceedings.

The Exchange believes the proposed rule change fosters cooperation and coordination with persons engaged in facilitating transactions in securities by providing issuers with a compliance framework that recognizes varying circumstances affecting beneficial holder accumulation while maintaining objective standards for granting extensions. The extended compliance period, granted based on demonstrated progress, allows issuers to pursue substantive remediation efforts or to allow sufficient time for natural product lifecycles or market conditions to support beneficial holder growth, while ensuring through Staff's discretionary review that only issuers making genuine progress receive additional time.

For these reasons, the Exchange believes the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act and the protection of 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 the proposed rule change will impose any burden on intramarket competition because it will apply uniformly to all issuers that are deficient with the beneficial holder continued listing requirement. The proposed additional 180-day compliance period (for a total of 360 days from initial notification) is available to any issuer that demonstrates quantifiable progress toward compliance with the beneficial holder requirement during the initial 180-day compliance period, regardless of the type of ETP or investment strategy employed. The rule does not favor any particular issuer, product type, or market participant, but rather provides Staff with discretion to grant additional time based on measurable compliance progress.

The Exchange does not believe the proposed rule change will impose any burden on intramarket competition because it will apply uniformly to all issuers that are deficient with the beneficial holder continued listing requirement. The proposed additional 180-day compliance period (for a total of 360 days from initial notification) is available to any issuer that demonstrates quantifiable progress toward compliance with the beneficial holder requirement during the initial 180-day compliance period, regardless of the type of ETP or investment strategy employed. The rule does not favor any particular issuer, product type, or market participant, but rather provides Staff with discretion to grant additional time based on measurable compliance progress. The discretionary nature of the additional compliance period ensures that it does not create competitive advantages for any particular issuer or product type. Staff will grant the extension only when the issuer demonstrates a clear trend of beneficial holder growth during the initial compliance period, ensuring that only issuers making genuine efforts to cure deficiencies receive additional time. This maintains competitive pressure on all issuers to achieve and maintain compliance with listing standards while providing appropriate flexibility to account for circumstances where additional time is warranted based on demonstrated progress.

The Exchange does not believe the proposed rule change will impose any burden on intermarket competition. To the contrary, the proposed rule change promotes intermarket competition by aligning the Exchange's compliance procedures with competitive practices at other listing venues. As noted in the Purpose section, NYSE Arca's internal policies provide staff with discretion in determining how to handle failures to meet continued listing standards, and NYSE Arca's 2025 Listed ETP Compliance Guidance Letter states that staff will conduct its own review and make a determination on how to proceed with non-compliance with continued listing standards. This discretionary framework provides NYSE Arca with flexibility in granting

compliance periods that may functionally provide extended timeframes for issuers to cure deficiencies.

The proposed rule change codifies an explicit maximum compliance period in the Exchange's rules, providing regulatory certainty and transparency while ensuring that issuers listing on the Exchange are not disadvantaged relative to issuers on competing venues. Without this amendment, issuers and particularly those of Outcome Strategy ETPs or other products with unique structural characteristics, might favor listing on other exchanges that provide greater flexibility in compliance timeframes, which could disadvantage the Exchange and reduce competition among listing venues. The proposed rule change levels the competitive playing field and ensures that listing venue selection is based on factors other than disparities in compliance procedures.

The Exchange believes the proposed rule change may enhance intermarket competition by enabling the Exchange to attract and retain listings of ETPs that might otherwise list on competing venues with more flexible compliance frameworks. This increased competition among listing venues benefits investors by providing greater choice in where and how to access investment products. Other exchanges remain free to adopt similar accommodations or to maintain their existing compliance procedures, ensuring that competition among exchanges continues to drive improvements in listing standards and procedures.

For these reasons, the Exchange does not believe the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange neither solicited nor received comments on the proposed rule change.

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

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

- A. by order approve or disapprove such proposed rule change, or
- B. institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change 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](mailto:rule-comments@sec.gov). Please include file number SR-CboeBZX-2026-005 on the subject line.

Paper Comments:

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

All submissions should refer to file number SR-CboeBZX-2026-005. 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-CboeBZX-2026-005 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>13</sup> 17 CFR 200.30-3(a)(12).