

# FINANCIAL INFORMATION FORUM

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## Via Electronic Delivery

June 13, 2014

Ms. Elizabeth M. Murphy  
Secretary  
U. S. Securities and Exchange Commission  
100 F Street, NE,  
Washington, DC 20549-1090

Re: File No. SR-CBOE-2014-040 - Chicago Board Options Exchange, Incorporated; Notice of Filing of a Proposed Rule Change Relating to Orders That Are Tied to Stock

Dear Ms. Murphy,

The Financial Information Forum (FIF)<sup>1</sup> is submitting this comment letter with respect to, SR-CBOE-2014-040, Notice of Filing of a Proposed Rule Change Relating to Orders That Are Tied to Stock (“Current CBOE Proposal”). FIF previously commented on the November 2013 filing, SR-CBOE-2013-107, Notice of Filing of a Proposed Rule Change to Amend Its Rules Regarding Option Orders That Are Tied to Stock Orders that was withdrawn in February 2014 (“Original Proposal”). We believe that the Current CBOE Proposal addresses many of the questions raised in our comment letter to the Original Proposal. Specifically, based on our review of the Current CBOE Proposal and a meeting with CBOE staff, we understand the following:

- “Tied to stock” orders are those option orders where the “Trading Permit Holder has knowledge that the order is coupled with” equity orders. This definition is consistent with the FIF recommendation that the definition be narrowed and that a knowledge requirement be made clear.
- Market makers that are not self-clearing may arrange for their clearing firm to report on their behalf.<sup>2</sup>
- Interpretation .03 makes it clear that, “A Market-Maker (or its clearing firm) may include the information required by Rule 15.2A in the equity reports submitted to the Exchange pursuant to Rule 8.9(b).”

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<sup>1</sup> FIF ([www.fif.com](http://www.fif.com)) was formed in 1996 to provide a centralized source of information on the implementation issues that impact the securities industry across the order lifecycle. Our participants include trading and back office service bureaus, broker-dealers, market data vendors and exchanges. Through topic-oriented working groups, FIF participants focus on critical issues and productive solutions to technology developments, regulatory initiatives, and other industry changes.

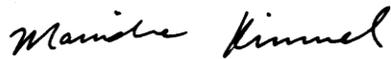
<sup>2</sup> Proposed Rule 15.2A states, “...A Trading Permit Holder may arrange for its clearing firm to submit these reports on its behalf; provided that if the clearing firm does not report an executed stock order, the Trading Permit Holder will be responsible for reporting the information.”

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In order to evaluate if the costs of the Current CBOE Proposal outweigh the benefits, FIF respectfully requests that reporting specifications be published. Given the technical implications of the CBOE proposal, it is not possible to provide an accurate estimate of implementation time and effort without specifications. We are concerned that implementation effort may be significant in light of the fact that, in many cases, the equity systems used for the stock portion of “tied to stock” options trades are not currently linked to options systems. It is our understanding that CBOE is close to finalizing the reporting format. FIF requests an opportunity to comment on implementation timeframe and costs after the release of the specifications. We do not believe the Current CBOE Proposal should be approved until the industry has had an opportunity to review and comment on the reporting specifications.

We look forward to providing further feedback on the Current CBOE Proposal and welcome the opportunity to provide comments on the reporting format when published.

Regards,



Manisha Kimmel  
Managing Director  
Financial Information Forum

cc: The Honorable Mary Jo White, Chair  
The Honorable Luis A. Aguilar, Commissioner  
The Honorable Daniel J. Gallagher, Commissioner  
The Honorable Kara M. Stein, Commissioner  
The Honorable Michael S. Piwowar, Commissioner

Stephen Luparello, Director, Division of Trading and Markets  
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