



March 6, 2013

**Via Electronic Mail ([rule-comments@sec.gov](mailto:rule-comments@sec.gov))**

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

Re: CBOE Request for Comment on SEC File No. SR-CBOE-2013-016

Dear Ms. Murphy:

The Securities Industry and Financial Markets Association (“SIFMA”)<sup>1</sup> appreciates the opportunity to comment on the above-referenced filing, which is a proposed rule change filed by the Chicago Board Options Exchange (“CBOE”) with the Securities and Exchange Commission (“Commission”).<sup>2</sup> CBOE has filed a proposed rule change to permit the minimum price variation for mini-options<sup>3</sup> to be the same as permitted for standard options on the same underlying security. For the reasons outlined below, SIFMA strongly agrees with CBOE’s request to mimic the pricing convention of standard options with mini-option contract pricing. As a result, SIFMA believes it is appropriate that the Commission approve penny-pricing for mini-options on those securities for which standard options already trade in pennies.

The CBOE recently amended its rules to allow for the listing of mini-options that deliver 10 physical shares on SPDR S&P 500 (“SPY”), Apple, Inc. (“AAPL”), SPDR Gold Trust (“GLD”), Google Inc. (“GOOG”) and Amazon.com Inc. (“AMZN”).<sup>4</sup> Mini-

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<sup>1</sup> SIFMA brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA’s mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association. For more information, visit [www.sifma.org](http://www.sifma.org).

<sup>2</sup> See Securities Exchange Act Release No. 34-68873 (February 8, 2013), 77 FR 10671 (February 14, 2013).

<sup>3</sup> A mini-option is a contract that delivers 10 shares as compared with a standard option that delivers 100 shares on the same security.

<sup>4</sup> See Securities Exchange Act Release No. 34-68656 (January 15, 2013), 77 FR 4526 (January 22, 2013).

options trading is expected to commence on March 18, 2013, and the CBOE is proposing to establish and permit the minimum price variation for mini-option contracts to be the same as permitted for standard options on the same underlying security in order to harmonize pricing between the mini option and the standard option. Of the five securities on which mini options are permitted, SPY, AAPL, GLD and AMZN participate in the Penny Pilot Program.

As detailed in the CBOE's proposed rule filing, there is a preference that premium pricing for mini-options match what is currently permitted for standard options on the same security.<sup>5</sup> SIFMA agrees with this preference, as our members' systems are programmed using "root symbols," and therefore would not be able to assign different minimum pricing variations to mini-options and standard options on the same security.<sup>6</sup> SIFMA further agrees with the CBOE's concern that given the significant liquidity in the standard options of the five securities in the mini-option pilot program, investor confusion could be profound if the standard and mini-options are not aligned with respect to the minimum price variation.<sup>7</sup> Lastly, SIFMA agrees that penny pricing for mini-options would benefit anticipated users by providing additional price points, particularly as the product is intended to be an investment tool with more affordable and realistic prices for the average retail investor.<sup>8</sup>

For the reasons set forth above, SIFMA strongly agrees with the CBOE's request to mimic the pricing convention of standard and mini-options. As a result, SIFMA believes it is appropriate that the Commission approve penny-pricing for mini-options on those securities for which standard options already trade in pennies.

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<sup>5</sup> See 77 FR at 10672.

<sup>6</sup> *Id.*

<sup>7</sup> See 77 FR at 10673.

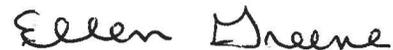
<sup>8</sup> *Id.*

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SIFMA greatly appreciates the SEC's consideration of SIFMA's comments in reference to the above. If you have any questions, please do not hesitate to contact me at (212) 313-1287 or [egreene@sifma.org](mailto:egreene@sifma.org).

Respectfully Submitted,



Ellen Greene  
Vice President  
Financial Services Operations

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