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Invested in America

April 6, 2020

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: Cboe Exchange, Inc.; Notice of Filing of a Proposed Rule Change To Increase Position Limits for Options on Certain Exchange-Traded Funds (''ETFs'') and Indexes (File No. SR–CBOE–2020–015)

Dear Ms. Countryman:

The Securities Industry and Financial Markets Association ("SIFMA")[1] appreciates the opportunity to comment upon the above-referenced filing (the "Filing" or the "Cboe Filing") made by Cboe Exchange, Inc. ("Cboe" or "Exchange") with the Securities and Exchange Commission ("SEC" or the "Commission"). In the Filing, Cboe proposes to amend Exchange Rules 8.30 and 8.31, Position Limits, to increase the position limits for options on six (6) underlying Exchange Traded Funds ("ETFs") as well as two Indexes (the "Indexes") (together, the "Proposal").

SIFMA recommends that the Commission approve Cboe's Proposal to increase the position limits for the options on the ETFs and Indexes as set forth therein, and respectfully submits this comment letter in response to the SEC's solicitation of comments. As discussed below, SIFMA believes that the arguments underlying Cboe's Proposal support its approval by the Commission as it relates to the symbols referenced in filing SR-CBOE-2020-15.

As an initial matter, SIFMA observes that Cboe's analysis is correct with respect to the continuously increasing market capitalization of the Underlying ETFs, the ETF component securities, and the component securities of the Underlying Indexes, under normal market conditions. This market capitalization should mitigate any concern about potential manipulation

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1 SIFMA is the voice of the U.S. securities industry. We represent the broker-dealers, banks and asset managers whose nearly 1 million employees provide access to the capital markets, raising over $2.5 trillion for businesses and municipalities in the U.S., serving clients with over $20 trillion in assets and managing more than $67 trillion in assets for individual and institutional clients including mutual funds and retirement plans. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit http://www.sifma.org.

and/or disruption in the underlying markets upon increasing position limits.[2] Cboe's arguments are also accurate with respect to the highly liquid markets for the underlying securities, even to the extent that trading in such securities is presenting somewhat differently during the current market volatility The rising demand for trading options on the Underlying ETFs and Indexes suggests legitimate market need for an increase in position limits. As Cboe observes, increasing position limits would enable liquidity providers to provide additional liquidity to the Exchange, and enable other market participants to transfer their liquidity demands from OTC markets to the Exchange and other options exchange on which they participate. Conversely, as Cboe correctly points out, failing to adjust position limits for options on these ETFs and Indexes will likely continue to impede trading activity and strategies of investors, such as use of effective hedging vehicles or income generating strategies, and the ability of Market-Makers to make liquid markets with tighter spreads in these options.

SIFMA also concurs that the market capitalization and average daily volume ("ADV") of the underlying shares in the ETFs are large enough to facilitate a robust creation and redemption process for the ETFs and to absorb potential price volatility caused by large trades in the ETFs.

Cboe's detailed analysis of each underlying ETF and the two Indexes for which it seeks an increase in the options position limit, predicated upon market and trading data and substantive information about the underlying product, is well reasoned and persuasive. SIFMA further notes that increased position limits would not necessarily increase or decrease the amount of volatility in the underlying (or related) products. This is because much of the activity giving rise to such volatility is already occurring elsewhere in the marketplace. Namely, many market participants who are constrained by the current position limits are able to establish an equivalent positions in the OTC market. The proposed position limit increase would allow this activity to occur on the Exchange, giving rise to improved market transparency and reduced counterparty risk as such trades will be cleared through The Options Clearing Corporation.

Additionally, it should be noted that both the listed options markets, and the ETFs on which CBOE has proposed to increase limits, have performed very well in the exceptionally volatile markets that participants are currently facing. For example, HYG has provided market participants with an enhanced source of both liquidity and transparency into pricing of the high yield debt markets.

In summary, as Cboe states in the Proposal, "position limits must… be balanced between mitigating concerns of any potential manipulation and the cost of inhibiting potential hedging activity that could be used for legitimate economic purposes." SIFMA believes that the increased position limits sought by Cboe achieve this balance, and that its Proposal should be approved.

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[2] Although current market capitalization has decreased, it is expected long term that markets will return to more normal and traditional levels, in line with the trading activity quoted in Cboe's proposal.

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SIFMA greatly appreciates the Commission's consideration of our comments on File No. SR CBOE-2020-15 and would be pleased to discuss these comments in greater detail with the staff. If you have any questions, please contact Ellen Greene at or .

Regards,

Ellen Greene
Managing Director
Equity and Options Market Structure

cc: The Honorable Jay Clayton, Chairman
The Honorable Hester Peirce, Commissioner
The Honorable Elad L. Roisman, Commissioner
The Honorable Allison Herren Lee, Commissioner

Brett Redfearn, Director, Division of Trading and Markets