

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-74791; File No. SR-CBOE-2015-040)

April 23, 2015

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated;  
Notice of Filing and Immediate Effectiveness of a Proposed Rule Change  
Relating to Submission of Financial Reports

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on April 15, 2015, Chicago Board Options Exchange, Incorporated (the “Exchange” or “CBOE”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder,<sup>4</sup> which renders it effective upon filing with the Commission. 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 amend its rules regarding the submission of financial reports. The text of the proposed rule change is provided below.

Proposed new language is in italics; proposed deletions are in brackets.

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

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

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>4</sup> 17 CFR 240.19b-4(f)(6).

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### **Rule 15.5. Financial Reports**

Each Trading Permit Holder shall submit to the Exchange answers to financial questionnaires, reports of income and expenses and additional financial information in the type, form, manner and time prescribed by the Exchange.

#### ***. . . Interpretations and Policies:***

**.01** [Reserved.

**.02** ]Trading Permit Holders [which]who are net capital computing must file electronically with the Exchange[ 's Department of Financial and Sales Practice Compliance] any required monthly and quarterly FOCUS Reports utilizing the [WinJammer <sup>TM</sup> ]system[,] or [such other ]software [as required]prescribed by the Exchange, which will be announced via Regulatory Circular.

**.0[3]2** Trading Permit Holders who file an annual FOCUS Report and who are not net capital computing [have the option to ]must file electronically with the Exchange the annual FOCUS Report and Schedule 1 [by sending a hard copy to the Exchange or by filing electronically to]utilizing the system or software prescribed by the Exchange, which will be announced via Regulatory Circular.

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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 II.A., II.B., and II.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 its rules regarding the submission of financial reports. CBOE Rule 15.5 requires each Trading Permit Holder to submit to the Exchange answers to financial questionnaires, reports of income and expenses, and additional financial information in the type, form, manner, and time prescribed by the Exchange. With respect to FOCUS Reports<sup>5</sup>:

- Rule 15.5, Interpretation and Policy .02 requires Trading Permit Holders which are net capital computing to file electronically with the Exchange’s Department of Financial and Sales Practice Compliance any required monthly and quarterly FOCUS Reports utilizing the

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<sup>5</sup> A “FOCUS Report” is the Financial and Operational Combined Uniform Single Report that broker-dealers file with their designated examining authority (“DEA”) pursuant to Rule 17a-5 under the Act. The FOCUS Report filing requirements for Trading Permit Holders for whom CBOE is the DEA are set forth in CBOE Rule 15.5, Interpretations and Policies .02 and .03.

WinJammer<sup>TM</sup> system,<sup>6</sup> or such other software as required by the Exchange; and

- Rule 15.5, Interpretation and Policy .03 requires Trading Permit Holders who file an annual FOCUS Report and who are not net capital computing to, at their option, file the annual FOCUS Report and Schedule 1 by sending a hard copy to the Exchange or by filing electronically to the Exchange.

The Exchange recently entered into a Regulatory Services Agreement (the “RSA”) with the Financial Industry Regulatory Authority, Inc. (“FINRA”). FINRA provides its members and the members of exchanges for which it provides regulatory services access to its Firm Gateway system, which is a portal that provides consolidated access to various FINRA regulatory systems, including its financial reporting systems.<sup>7</sup> One of these systems is the e-FOCUS system, through which members may submit their FOCUS Reports.

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<sup>6</sup> The WinJammer system is an internet-based system that Trading Permit Holders can log into and then input relevant FOCUS Report information.

<sup>7</sup> Prior to the RSA, all Trading Permit Holders were able to submit Forms BD, U4, and U5 filings through WebCRD, which is accessible through the Firm Gateway, and Trading Permit Holders who are also FINRA members had access to the Firm Gateway in their capacity as FINRA members. Beginning on February 20, 2015, FINRA provided Trading Permit Holders who are not FINRA members with access to the Firm Gateway Request Manager, which streamlines the execution document request and production process and creates an audit trail of requests and productions. Beginning on March 16, 2015, certain Firm Gateway financial filing and notification functions became available to Trading Permit Holders that are required to submit the financial information to the Exchange. As of that date, Trading Permit Holders may submit the information on a voluntary basis through the Firm Gateway system (or they may still submit directly to the Exchange). The Exchange will announce via Regulatory Circular the date on which it will require Trading Permit Holders to submit this

In connection with the RSA, FINRA is making the Firm Gateway available to Trading Permit Holders for the submission of various regulatory filings, including certain financial filings, such as FOCUS Reports. As a result, CBOE intends to require Trading Permit Holders that are required to submit FOCUS Reports to the Exchange to submit their FOCUS Reports through the Firm Gateway system, including Trading Permit Holders that are not net capital computing. Therefore, CBOE is proposing to amend Rule 15.5, Interpretations .02 and .03 to provide that FOCUS Reports must be filed electronically with the Exchange utilizing the system or software prescribed by the Exchange.<sup>8</sup> CBOE believes that requiring Trading Permit Holders to submit FOCUS Reports in this manner will streamline the processing of these reports. Additionally, CBOE believes the submission of these reports directly into the system of the Exchange's regulatory services provider, into which Trading Permit Holders will submit other financial reports, will provide for a more efficient and effective process for the

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financial information through Firm Gateway. FINRA has not yet made available to Trading Permit Holders that are required to file FOCUS Reports with the Exchange access to the Firm Gateway eFOCUS system. The Exchange will announce via Regulatory Circular the date on which it will begin to require the submission of FOCUS Reports through that system. See Regulatory Circular RG15-026. Any changes to the form and manner of other financial filings required to be submitted by Trading Permit Holders to the Exchange in light of the RSA with FINRA will also be announced via Regulatory Circular pursuant to Rule 15.5.

<sup>8</sup> CBOE does not believe it is necessary to name the system in the Rules, as the Rules already provide CBOE with the flexibility to use a system or software other than WinJammer and do not include the manner of filing for other financial reports. See Rule 15.5, Interpretation and Policy .02; see also, e.g. BATS Exchange, Inc. Rule 24.3; International Securities Exchange, LLC Rule 1402; and Miami International Securities Exchange, LLC (which rules do not specify an electronic system for the submission of any financial reports).

collection, tracking, consolidation, and review of Trading Permit Holders' financial reports.

Many Trading Permit Holders are FINRA members and thus already have access to and submit reports via the Firm Gateway system. Additionally, the majority of Trading Permit Holders that currently submit FOCUS Reports to the Exchange do so electronically, and CBOE understands that the FINRA e-FOCUS system operates in a similar manner to the WinJammer system, as they are both web-based systems into which Trading Permit Holders sign in and input the relevant information. Thus, the Exchange does not anticipate that Trading Permit Holders who currently submit FOCUS Reports through WinJammer will experience any significant systemic or operational burden in order to submit FOCUS Reports via the Firm Gateway system.

The proposed rule change also makes technical, nonsubstantive changes to:

- conform language in current Rule 15.5, Interpretations and Policies .02 and .03;
- renumber Interpretations and Policies .02 and .03 to .01 and .02, respectively, as current .01 is only reserved; and
- specify in the Rules that CBOE will announce the applicable system or software by Regulatory Circular (as is specified in Rule 15.5 for other financial reports).

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act<sup>9</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>10</sup> in particular, in that it is designed to promote just and equitable principles of trade, 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 requirement in Section 6(b)(5) of the Act that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that the proposed change will create a more efficient and effective process for the Exchange's regulatory services provider, FINRA, to collect and review Trading Permit Holders' FOCUS Reports required to be filed with the Exchange, which fosters cooperation and coordination with FINRA in its performance of regulatory services with respect to Trading Permit Holders and CBOE's markets. By enhancing the process through which the Exchange (through its regulatory services provider) receives FOCUS Reports and allowing consolidation with other financial reports for electronic review, the Exchange believes the proposed rule change will promote just and equitable principles of trade and ultimately protect investors. Additionally, upon implementation, all Trading Permit Holders that are required to submit FOCUS Reports to the Exchange will be required to submit them in the same (and thus

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<sup>9</sup> 15 U.S.C. 78f(b).

<sup>10</sup> 15 U.S.C. 78f(b)(5).

nondiscriminatory) electronic manner. Regulation of Trading Permits Holders continues to be performed by electronic processes, and thus the Exchange believes it is appropriate to require electronic submission of these reports so that they may be incorporated into these processes. By maintaining the flexibility within the rules for the Exchange to prescribe by Regulatory Circular which system or software will be used for the submission of FOCUS Reports, the Exchange believes it will be able to adjust, as necessary, its standards of financial reporting in a timely manner, particularly to the extent that new or enhanced software or systems are developed for this purpose.<sup>11</sup> As discussed above, CBOE's and other exchanges' rules maintain this flexibility.

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change requires all Trading Permit Holders that are required to submit FOCUS Reports to submit those reports in the same electronic manner. Many Trading Permit Holders are also FINRA members and thus already have access to the Firm Gateway system. The majority of Trading Permit Holders that are required to submit FOCUS Reports to the Exchange currently do so electronically in a manner similar to what will be required when submission through the Firm Gateway system becomes mandatory, thus resulting in minimal additional burden. While some Trading Permit Holders

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<sup>11</sup> To the extent CBOE changes the FOCUS Report submission software or system in the future, CBOE represents it will provide Trading Permit Holders with sufficient notice to comply with any such changes.



will no longer be able submit hard copies of FOCUS Reports, the Exchange believes that any burden imposed by the proposed rule change is minimal and outweighed by the regulatory efficiencies that may be gained through electronic submission directly to the Exchange's regulatory services provider, who will be able to more efficiently and effectively review FOCUS Reports together with other financial reports in its system. The Exchange does not believe that the proposed rule changes will impose any burden on intermarket competition, as the proposed rule change is for regulatory purposes to enhance the process for Trading Permit Holders' submission and the Exchange's collection, tracking, consolidation, and review (through its regulatory services provider) of FOCUS Reports.

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

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 from the date on which it was filed, or such shorter time as the Commission may designate, it has

become effective pursuant to Section 19(b)(3)(A) of the Act<sup>12</sup> and subparagraph (f)(6) of Rule 19b-4<sup>13</sup> thereunder.

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall 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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-CBOE-2015-040 on the subject line.

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<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4(f)(6).

Paper comments:

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

All submissions should refer to File Number SR-CBOE-2015-040. This file number should be included on the subject line if e-mail 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 (<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-CBOE-2015-040 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

Brent J. Fields  
Secretary

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<sup>14</sup> See 17 CFR 200.30-3(a)(12).