

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-75914; File No. SR-CBOE-2015-079)

September 14, 2015

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to List Two Additional Products During Extended Trading Hours

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on September 10, 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 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 list two additional products during extended trading hours (“ETH”). The text of the proposed rule change is provided below.

(additions are italicized; deletions are [bracketed])

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Chicago Board Options Exchange, Incorporated

Rules

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Rule 6.1A. Extended Trading Hours

(a) – (b) No change.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

(c) *Eligibility.* The Exchange may designate as eligible for trading during Extended Trading Hours any exclusively listed index option designated for trading under Rules 24.2 and 24.9. The following options are approved for trading on the Exchange during Extended Trading Hours:

- (i) Standard & Poor’s 500 Stock Index (SPX)
- (ii) CBOE Volatility Index® (VIX®)
- (iii) Standard & Poor’s 500 Stock Index (P.M.-Settled) (SPXPM)
- (iv) Mini-SPX Index (XSP)

Any series in these classes that are expected to be open for trading during Regular Trading Hours will be open for trading during Extended Trading Hours on that same trading day (subject to Rules 6.2B and 24.13, Interpretation and Policy .03). FLEX options (pursuant to Chapters XXIVA and XXIVB) will not be eligible for trading during Extended Trading Hours.

(d) No change.

(e) *Market-Makers.*

(i) *Appointments.* A Market-Maker’s appointment to a class during Regular Trading Hours does not apply during Extended Trading Hours. Market-Makers may request appointments for Extended Trading Hours in accordance with Rule 8.3 and this subparagraph (i).

Notwithstanding Rule 8.3(c), a Market-Maker can create a Virtual Trading Crowd (“VTC”) appointment, which confers the right to quote electronically during Extended Trading Hours in the appropriate number of classes selected from the Extended Trading Hours tier and related appointment costs as follows:

Tier	Classes	Appointment Cost
Extended Trading	• Options on the CBOE Volatility Index	[.5].4

Hours	(VIX)	
	• Options on the Standard & Poor's 500 (SPX)	[.5].4
	• <u>Options on the Standard & Poor's 500 Stock Index (P.M.-Settled) (SPXPM)</u>	.1
	• <u>Options on the Mini-SPX Index (XSP)</u>	.1

Each Extended Trading Hours Trading Permit held by a Market-Maker has an appointment credit of 1.0. A Market-Maker may select for each Extended Trading Hours Trading Permit the Market-Maker holds any combination of Extended Trading Hours classes, whose aggregate appointment cost does not exceed 1.0.

(ii) – (iv) No change.

(f) – (k) No change.

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The text of the proposed rule change is also available on the Exchange's website (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

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

In March 2015, the Exchange launched Extended Trading Hours (“ETH”) for options on the S&P 500 Index (“SPX”) and CBOE Volatility Index® (“VIX”), two of the Exchange’s exclusively listed options,³ as alternatives for hedging and other investment purposes, particularly as a complementary investment tool to VIX futures.⁴ Rule 6.1A(c) provides that the Exchange may designate as eligible for trading during ETH any exclusively listed index option designated for trading under Rules 24.2 and 24.9. In response to customer demand for additional options to trade during ETH for similar purposes, the Exchange has designated Mini-SPX Index Options (“XSP”) and p.m.-settled options on the Standard & Poor’s 500 Stock Index (“SPXpm”) to be eligible for trading during ETH. The proposed rule change amends Rule 6.1A(c) to add these two products to the list of products the Exchange has approved for trading on the Exchange during ETH. CBOE currently lists XSP and SPXpm options during Regular Trading Hours (“RTH”); the proposed rule change merely extends the hours during which these options will trade on the Exchange. The Exchange notes that the S&P 500 Stock Index underlies both of these options, as it does for SPX options, which currently trade during ETH. During ETH, XSP and SPXpm options would trade in accordance with Rule 6.1A as VIX and SPX options

³ An “exclusively listed option” is an option that trades exclusively on an exchange because the exchange has an exclusive license to list and trade the option or has the proprietary rights in the interest underlying the option. An exclusively listed option is different than a “singly listed option,” which is an option that is not an “exclusively listed option” but that is listed by one exchange and not by any other national securities exchange.

⁴ See Securities Exchange Act Release No. 34-73704 (November 28, 2014), 79 FR 72044 (December 4, 2014) (SR-CBOE-2014-062) (order granting accelerated approval of proposed rule change to adopt Extended Trading Hours for SPX and VIX).

currently do.⁵ The proposed rule change makes no changes to the trading rules applicable to ETH.

The Exchange lists SPXpm options and p.m.-settled XSP options pursuant to a pilot program.⁶ Pursuant to the pilot program, CBOE submits annual reports to the Commission that contain analyses of volume, open interest and trading patterns, as well as interim reports that contain some of the information that is included in the annual reports. The Exchange will include in those annual and interim reports the applicable information regarding SPXpm and p.m.-settled XSP options that trade during ETH.

The Exchange also proposes to amend Rule 6.1A(e)(i) to change the current appointment cost for each of SPX and VIX from .5 to .4 and add an appointment cost of .1 for each of XSP and SPXpm. The Exchange believes these appointment costs are consistent with an analysis of various factors based on which the Exchange determines appointment costs, including competitive forces and trading volume. Because each ETH Trading Permit has an appointment credit of 1.0, a Market-Maker will continue to need to hold only one ETH Trading Permit if it wants to quote in all four products approved for trading during ETH.

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.⁷ Specifically, the Exchange believes the proposed rule change is

⁵ Rule 6.1A(a) states that all CBOE Rules apply to trading during ETH except as set forth in Rule 6.1A and for Rules that by their terms are inapplicable during ETH or where the context otherwise requires.

⁶ See Securities Exchange Act Release No. 34-73338 (October 10, 2014), 79 FR 62502 (October 17, 2014) (SR-CBOE-2014-076) (notice of filing and immediate effectiveness of extension of pilot program to May 3, 2016).

⁷ 15 U.S.C. 78f(b).

consistent with the Section 6(b)(5)⁸ 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)⁹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes the proposed rule change will further improve the Exchange's marketplace for the benefit of investors. The listing of two additional products for trading during ETH will provide more hedging and other investment opportunities within the options trading industry that is consistent with the continued globalization of the securities markets. The proposed rule change also allows the Exchange to more effectively compete with exchanges located outside of the United States. The Exchange proposes to make two more products available during ETH in response to demand by investors to have access to these products outside of RTH. During ETH, XSP and SPXpm options would trade in accordance with Rule 6.1A as VIX and SPX options currently do. The proposed rule change makes no changes to the trading rules applicable to ETH; it merely approves for trading during ETH two products that already trade on the Exchange during RTH. Additionally, the S&P 500 index underlies both of these options, as it does for SPX options, which are currently approved for trading during ETH.

⁸ 15 U.S.C. 78f(b)(5).

⁹ Id.

The Exchange believes the appointment costs for the four classes approved for trading during ETH are appropriate given various factors considered by the Exchange, including competitive forces and trading volume. The Exchange believes that allowing ETH Market-Makers to trade all four available products during ETH while holding only one ETH Trading Permit may encourage Trading Permit Holders to become ETH Market-Makers, as they can quote in more classes for the same cost. Additionally, current ETH Market-Makers can obtain appointments in these two additional classes without having to obtain an additional ETH Trading Permit. This may increase liquidity and result in more competitive pricing in these products during ETH, which will promote just and equitable principles of trade and ultimately benefit investors. The proposed rule change does not result in unfair discrimination, as the appointment costs for these products during ETH will apply to all ETH Market-Makers.

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

CBOE 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. If CBOE lists XSP and SPXpm options for trading during ETH, all ETH Trading Permit Holders may trade these options during ETH. Additionally, non-ETH Trading Permit Holders may trade these options during ETH through a broker that is an ETH Trading Permit Holder. The proposed rule change is merely extending the trading hours of two products that currently trade on CBOE. The appointment costs for the four products approved for trading during ETH will apply to all ETH Market-Makers. Additionally, ETH Market-Makers will not need to obtain additional ETH Trading Permits to have appointments in the two additional products.

CBOE does not believe the proposed rule change will detriment market participants on other exchanges, as it relates to options listed solely on CBOE and to trading hours during which no other U.S. options exchange is currently open for trading. Market participants on other

exchanges are welcome to become ETH Trading Permit Holders, or engage a broker that is an ETH Trading Permit Holder, and trade at CBOE if they determine that this proposed rule change has made CBOE more attractive or favorable.

CBOE believes that the proposed rule change will relieve any burden on, or otherwise promote, competition. As discussed above, listing two additional products for trading during ETH will provide more hedging and other investment opportunities within the options trading industry. The Exchange also believes the proposed rule change could increase its competitive position outside of the United States by providing investors with an additional investment vehicles with respect to their global trading strategies during times that correspond with RTH outside of the United States. The Exchange proposes to make two more products available during ETH in response to demand by investors to have access to these products outside of RTH. Additionally, the Exchange believes the appointment costs for the four products available for trading during ETH, which allow ETH Market-Makers to have appointments in all four products with only one ETH Trading Permit, may increase liquidity and enhance competition in those products during those hours.

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, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the

Act¹⁰ and Rule 19b-4(f)(6) thereunder.¹¹

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative for 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii) permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay to allow the proposed rule change to become effective immediately. In its proposal, the Exchange stated that its proposal does not raise any new or unique issues, and only makes available for trading during ETH two additional exclusively-listed products that the Exchange currently lists and trades during RTH. In addition, the Exchange stated that the proposed changes to the appointment costs for these products is intended to allow Market-Makers to have appointments in all four ETH products without having to obtain an additional ETH Trading Permit. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest.¹² Among other things, the proposed rule change makes no changes to the trading rules applicable to ETH, and the Exchange states that XSP and SPXpm will trade during ETH in the same manner as VIX and SPX currently do during ETH. The Commission notes that the Exchange will include in its annual and interim reports to the Commission the applicable information regarding SPXpm and p.m.-settled XSP options that trade during ETH. Because the proposed rule change involves two exclusively-listed products

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

¹² For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

that already trade during RTH, does not alter the trading rules applicable to ETH, and does not raise any novel or unique regulatory issues, the Commission designates the proposed rule change as operative upon filing.

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 necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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. Please include File Number SR-CBOE-2015-079 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-CBOE-2015-079. 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-2015-079 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.¹³

Brent J. Fields
Secretary

¹³ 17 CFR 200.30-3(a)(12).