

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-76149; File No. SR- CBOE-2015-085)

October 14, 2015

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to End of Week/End of Month Expirations Pilot Program

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that, on October 1, 2015, Chicago Board Options Exchange, Incorporated (the “Exchange” or “CBOE”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ 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

CBOE proposes to amend Rule 24.9(e) (End of Week/End of Month Expirations Pilot Program (“Program”)) by clarifying the maximum numbers of expirations permitted to be listed under the Program and by deleting outdated text from Rule 24.9(e). The Exchange is not proposing to change the substantive content of Rule 24.9(e).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

The text of the proposed rule change is 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.

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

On September 14, 2010, the Commission approved CBOE's proposal to establish a pilot program under which CBOE is permitted to list P.M.-settled options on broad-based indexes to expire on (a) any Friday of the month, other than the third Friday-of-the-month, and (b) the last trading day of the month.⁵ The terms of the Program are set forth in Rule 24.9(e) and End of Week Expirations ("EOWs") and End of Month Expirations ("EOMs") are permitted on any broad-based index that is eligible for standard options trading. EOWs and EOMs are cash-settled expirations with European-style exercise, and are subject to the same rules that govern the trading of standard index options.

Maximum Numbers of Expirations Permitted Under Program

⁵ See Securities Exchange Act Release No. 62911 (September 14, 2010), 75 FR 57539 (September 21, 2010) (order approving SR-CBOE-2009-075).

This current filing proposes to amend Rule 24.9(e) by clarifying the maximum numbers of expirations permitted to be listed under the Program. In support of this change, CBOE states that EOWs and EOMs are subject to the same rules governing standard options on the same broad-based index class. In the filing to establish the Program, CBOE provided example expirations for EOWs and EOMs and cited to Rule 24.9(a)(2) as the specific rule governing the expiration months that may be listed for index options.⁶ Because Rule 24.9(a)(2) is phrased in terms of “standard monthly expirations” (vs. the more general term “expirations”), CBOE believes that some ambiguity may exist as to the maximum numbers of EOWs and EOMs that may be listed under the Program. In addition, CBOE believes that providing for the maximum numbers of expirations permitted under the Program within Rule 24.9(e) would make that Program clearer on its face by eliminating any potential ambiguity about the maximum numbers of expirations permitted under the Program. As a result, CBOE proposes to amend the Program as follows.

Respecting EOWs, CBOE proposes to amend Rule 24.9(e)(1) by adding the following rule text:

The maximum numbers of expirations that may be listed for EOWs is the same as the maximum numbers of expirations permitted in Rule 24.9(a)(2) for standard options on the same broad-based index. EOW expirations shall be for the nearest Friday expirations from the actual listing date, other than the third Friday-of-the-month or that coincide with an EOM expiration. If the last trading day of a month is a Friday, the Exchange will list an EOM and not an EOW. Other expirations in the same class are not counted as part of the maximum numbers of EOW expirations for a broad-based index class.

In support of this change, CBOE states that under Rule 24.9(a)(2), the maximum numbers of expirations varies depending on the type of class or by specific class. Therefore, the maximum number of expirations permitted for EOWs on a given class would be determined based on the

⁶ Id., at note 5.

specific broad-based index option class. For example, if the broad-based index option class is used to calculate a volatility index, the maximum number of EOWs permitted in that class would be 12 expirations (as is permitted in Rule 24.9(a)(2)). For EOWs, CBOE proposes to require that the expirations be for weeks that are in the nearest Friday from the actual listing date, other than the third Friday-of-the-month or that coincide with an EOM expiration. CBOE proposes to set forth the listing hierarchy described in the original Program filing, which provides that if the last trading day of a month is a Friday, the Exchange would list an EOM and not an EOW.⁷ Finally, CBOE proposes to clarify that other expirations in the same class would not be counted as part of the maximum numbers of EOW expirations for a broad-based index class. CBOE states that this provision is similar to one recently adopted in connection with weekly CBOE Volatility Index (“VIX”) expirations, in that standard VIX expirations are not counted toward the maximum number of expirations permitted for weekly expiration in VIX options.⁸

Respecting EOMs, CBOE proposes to amend Rule 24.9(e)(2) by adding the following rule text:

The maximum numbers of expirations that may be listed for EOMs is the same as the maximum numbers of expirations permitted in Rule 24.9(a)(2) for standard options on the same broad-based index. EOM expirations shall be for the nearest end of month expirations from the actual listing date. Other expirations in the same class are not counted as part of the maximum numbers of EOM expirations for a broad-based index class.

In support of this change, CBOE states that under Rule 24.9(a)(2), the maximum numbers of expirations varies depending on the type of class or by specific class. Therefore, the maximum number of expirations permitted for EOMs on a given class would be determined based on the specific broad-based index option class. For example, if the broad-based index option class is

⁷ Id., at note 5.

⁸ See fourth bullet under Rule 24.9(a)(2).

used to calculate a volatility index, the maximum number of EOMs permitted in that class would be 12 expirations (as is permitted in Rule 24.9(a)(2)). For EOMs, CBOE proposes to require that the expirations be for the nearest end of month expirations from the actual listing date. Finally, CBOE proposes to clarify that other expirations in the same class would not be counted as part of the maximum numbers of EOM expirations for a broad-based index class. CBOE states that this provision is similar to one recently adopted in connection with weekly VIX expirations, in that standard VIX expirations are not counted toward the maximum number of expirations permitted for weekly expiration in VIX options.⁹

The above described changes hard code into CBOE's rule its existing listing practice as to the maximum numbers of expirations permitted under the Program. Currently, the maximum numbers of expirations are not populated for EOWs and EOMs; however, the same is true for standard expirations in certain broad-based index option classes. As a result, CBOE believes that setting forth the maximum potential of a rule is non-controversial and is consistent with how CBOE has treated EOWs and EOMs under the Program since its adoption in 2010. In any event, CBOE has analyzed its capacity and represents that it believes the Exchange and the Options Price Reporting Authority ("OPRA") have the necessary systems capacity to handle any additional traffic associated with the listing the maximum numbers of expirations permitted under the Program.

Remove Outdate [sic] Rule Text

The Exchange proposes to make non-substantive changes to Rule 24.9(e) by deleting rule text that references items with dates in 2011 and 2015 that have passed. The Exchange represents that this rule text language is obsolete. Also, the Exchange is proposing to replace

⁹ See fourth bullet under Rule 24.9(a)(2).

references to “regular options” with “standard options” to conform references to third-Friday expiring options (standard) between Rule 24.9(a) (which uses “standard” when referring to third-Friday expiring options) and Rule 24.9(e).

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder, including the requirements of Section 6(b) of the Act.¹⁰ In particular, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹¹ requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest.

Specifically, the Exchange believes that some ambiguity may exist as to the maximum numbers of EOWs and EOMs that may be listed under the Program. Setting forth the numbers of expirations permitted under the Program would benefit market participants by making that Program clearer on its face by eliminating any potential ambiguity about the maximum numbers of expirations permitted under the Program. The Exchange also believes that the current proposal is designed to promote just and equitable principles of trade because it would hard code into CBOE’s rule its existing listing practice as to the maximum numbers of expirations permitted under the Program.

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

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

This proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, CBOE believes that providing clarification about the numbers of expirations permitted under the Program would benefit all market participants who trade expirations listed under the Program and does not impose any burden on competition.

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:

- A. significantly affect the protection of investors or the public interest;
- B. impose any significant burden on competition; and
- C. 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 Act¹² and Rule 19b-4(f)(6)¹³ 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 necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(6).

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-2015-085 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-2015-085. 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, DC 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-2015-085 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.¹⁴

Robert W. Errett
Deputy Secretary

¹⁴ 17 CFR 200.30-3(a)(12).