

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-81262; File No. SR-CBOE-2017-056)

July 31, 2017

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rule 6.1, Days and Hours of Business, to Clarify the Trading Hours for Options on Exchange-Traded Funds and Exchange-Traded Notes

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 July 17, 2017, 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 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

The purpose of this filing is to amend CBOE Rule 6.1 to clarify the trading hours for options on exchange-traded funds (“ETF’s) and exchange-traded notes (“ETNs”). The text of the proposed rule change is provided below.

(additions are italicized; deletions are [bracketed])

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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).

Chicago Board Options Exchange, Incorporated
Rules

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Rule 6.1. Days and Hours of Business

The Board shall determine by resolution the days the Exchange shall be open for business and the Regular Trading Hours and Extended Trading Hours of such days during which transactions may be made on the Exchange.

. . . Interpretations and Policies:

.01 (a) Regular Trading Hours. The Board of Directors has resolved that, except under unusual conditions as may be determined by the Board or its designee, Regular Trading Hours during which transactions in options on individual stocks may be made on the Exchange shall correspond to the normal hours for business established by the exchanges currently trading the stocks underlying CBOE options.

(b) No change.

.02 No change.

.03 Regular Trading Hours. Options on units (or ETFs), as defined under Interpretation and Policy .06 to Rule 5.3, and options on Index-Linked Securities (or ETNs), as defined under Interpretation and Policy .13 to Rule 5.3, may remain open for trading beyond 3:00 p.m. but in no case later than 3:15 p.m. (CT), as designated by the Exchange.

[(a) Options on Units (or ETFs). Regular Trading Hours for options on Units, as defined under Interpretation and Policy .06 to Rule 5.3, and options on the PowerShares QQQ Trust ("QQQQ") will last until 3:15 p.m. (CT) each business day.

(b) Options on Index-Linked Securities (or ETNs). Regular Trading Hours for options on Index-Linked Securities, as defined under Interpretation and Policy .13 to Rule 5.3, will last until 3:15 p.m. (CT) each business day.]

.04 – .05 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

The purpose of this filing is to amend CBOE Rule 6.1 to clarify the trading hours for options on exchange-traded funds (“ETF’s) and exchange-traded notes (“ETNs”). Specifically, the Exchange seeks to amend Interpretation and Policy .03 to Rule 6.1 to provide that options on ETF’s and ETNs (collectively exchange-traded products or “ETPs”) may be traded on the Exchange until 3:15 p.m. (CT) each business day. The Exchange notes that the proposed rule is based on C2 Options Exchange, Incorporated (“C2) Rule 6.1 and NYSE MKT LLC (“NYSE MKT”) Rule 901NY Commentary .02.

Currently, Rule 6.1 provides that all options on ETPs will be traded on the Exchange until 3:15 p.m. (CT); however, industry practice and the Exchange’s current practice allow the vast majority of options on ETPs to be traded until 3:00 p.m. (CT), while allowing certain options on ETPs to trade until 3:15 p.m. (CT).⁵ This filing seeks to align CBOE Rules with industry practice.

⁵ See e.g., the trading hours of options on NYSE MKT and NYSE Arca Inc., available at, <https://www.nyse.com/markets/hours-calendars>.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁶ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁷ 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)⁸ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the proposed rule change will protect investors and the public interest by reducing potential confusing regarding CBOE’s trading hours for options on ETPs and aligning CBOE’s Rules regarding trading orders for options on ETPs with industry practice. The Exchange notes that the proposed rule is based on C2 Rule 6.1 and NYSE MKT Rule 901NY Commentary .02.

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. The

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

⁸ Id.

proposed rule change will not impose any burden on intermarket or intramarket competition as the proposed rule change will align CBOE's Rules regarding trading orders for options on ETPs with industry practice. In addition, the proposed rule change does not modify the construct for trading hours but simply identifies the products that may close at 3:00 p.m. (CT) or 3:15 p.m. (CT), which is consistent with the industry.

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)(iii) of the Act⁹ and subparagraph (f)(6) Rule 19b-4 thereunder.¹⁰

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.

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's intent to file the proposed rule change, along with a brief description and text of 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.

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-2017-056 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-2017-056. 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-2017-056 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.¹¹

Eduardo A. Aleman
Assistant Secretary

¹¹ 17 CFR 200.30-3(a)(12).