SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-75120; File No. SR- CBOE-2015-050)

June 8, 2015

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing of Proposed Rule Change to Expire CBOE Volatility Index (VIX) Options Every Week

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 June 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 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 certain of its rules to expire CBOE Volatility Index ("VIX") options every week. 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 self-regulatory organization 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 those 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 parts of such statements.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

In February 2006, CBOE began trading options that expire monthly on the CBOE Volatility Index ("VIX"), which measures a 30-day period of implied volatility. Last year, CBOE introduced weekly expiring options on the CBOE Short-Term Volatility Index ("VXST"), which measures a nine-day implied volatility period.[3] The purpose of this proposed rule change is to expire 30-day VIX options every week.[4] VIX options would continue to trade as they do today and they would be subject to all of the same rules they are subject to today, except as proposed to be modified herein.

In its capacity as the Reporting Authority, CBOE enhanced the VIX Index (cash/spot value) to include P.M.-settled S&P 500 Index End-of-Week expirations ("SPXWs") in 2014.[5] The inclusion of SPXWs allows the VIX Index to be calculated with SPX option series that most precisely match the 30-day target timeframe for expected volatility that the VIX Index is intended to represent. Using SPX options with more than 23 days and less than 37 days to expiration ensures that the VIX Index will always reflect an interpolation of two points along the

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[3] See Securities Exchange Act Release No. 71764 (March 21, 2014), 79 FR 17212 (March 27, 2014) (Order Granting Approval of Proposed Rule Change to List and Trade CBOE Short-Term Volatility Index Options) (SR-CBOE-2014-003).

[4] CBOE Futures Exchange, LLC ("CFE") also plans to expire 30-day VIX futures weekly prior to expiring 30-day VIX options weekly on CBOE.

[5] This enhancement did not impact the exercise settlement value for VIX options and futures, which continue to use the same VIX Index formula and the opening prices of standard (i.e., third Friday expiration) S&P 500 Index ("SPX") option series with 30 days to expiration.

S&P 500 Index volatility term structure.[6]

Currently, standard VIX options expire once a month. The last trading day for expiring VIX options is the business day immediately prior to their expiration date. The expiration date for VIX options is pegged to the standard (third Friday) SPX option expiration in the subsequent month. Specifically, the expiration date is on the Wednesday that is 30 days prior to the third Friday of the calendar month immediately following the month in which the VIX option expires. This standard Wednesday VIX option expiration is changed if the Friday in the subsequent month is an Exchange holiday to be the business day that is thirty days prior to the Exchange business day immediately preceding that Friday. CBOE (as the Reporting Authority for VIX options) calculates the exercise settlement value for expiring VIX options on their expiration date.[7]

The Exchange proposes to now expire VIX options each Wednesday.[8] These new VIX expirations would be series of the existing VIX option class. Similar to VXST options, however, different types of SPX options would be used to calculate and settle VIX options. Specifically, as today, the standard (monthly) VIX option expirations would be calculated using A.M.-settled SPX options that expire on the third Friday in the subsequent month and the period of implied volatility covered by these contracts would be exactly 30 days. The new VIX option expirations would be calculated using P.M.-settled SPXWs that expire in 30 days and the period of implied

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6 For a detailed description about the VIX Index methodology, please refer to the VIX White Paper available at: https://www.cboe.com/micro/vix/vixwhite.pdf.

7 See CBOE Rule 24.9(a)(5) which sets forth the method of determining the day on which the exercise settlement value will be calculated for VIX options and of determining the expiration date and last trading day for VIX options.

8 CBOE is making this current filing because CBOE is unable to list weekly VIX options under its other weekly option programs because those programs require that weekly options expire on Fridays and VIX options expire on Wednesdays.

volatility by these contracts would be 30 days, plus 390 minutes.[9]

In order to expire 30-day VIX options weekly, CBOE proposes to amend Rule 24.9(a)(5) in several ways. First, the Exchange notes that Rule 24.9(a)(5) is styled, "Method of Determining Day that Exercise Settlement Value will be Calculated and of Determining Expiration Date and Last Trading Day for Options on Volatility Indexes that Measure a 30-Day Volatility Period (e.g., VIX, RVX, VXD, VXN, Individual Stock or ETF Based Volatility Index) ('Volatility Index options')." The Exchange proposes to revise this title so that it reads: "Method of Determining Day that Exercise Settlement Value will be Calculated, Special Opening Quotation and Expiration Date and Last Trading Day for Options on Volatility Indexes that Measure a 30-Day Volatility Period ('Volatility Index options').[10]"

Second, the Exchange proposes to also add the following 3 new subheadings as subparagraphs A, B and C, respectively, to Rule 24.9(a)(5): Method of Determining Day that Exercise Settlement Value will be Calculated, Special Opening Quotation and Expiration Date and Last Trading Day. The Exchange believes that the proposed addition of these subheadings would help to clarify that new subparagraphs B and C would apply to all Volatility index options.

Third, under proposed new subparagraph A, the Exchange proposes to add new subparagraph (i) styled "Volatility Index Options (Other than VIX Options, e.g., RVX, VXD,

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[9] P.M.-settled, expiring SPXWs stop trading at 3:00 p.m. (Chicago time) on their last day of trading. See Rule 24.9(e)(4). The additional 390 minutes reflects that these constituent options trade for six and a half hours on their expiration date until 3:00 p.m. (Chicago time).

[10] The Exchange proposes to add "Special Opening Quotation" to the title to make it more complete since the Special Opening Quotation is already explained in this provision and applies to all Volatility Index options.

VXN, Individual Stock or ETF Based Volatility Index Options) set forth in Rule 24.9(a)(5).[11] This new subparagraph (A)(i) would generally maintain the current rule text language as it applies to standard (monthly) Volatility Index options (other than VIX options). Some non-substantive changes are being proposed to help clarify that this provision applies to standard (monthly) options on 30-day volatility indexes.

Fourth, CBOE proposes to add new subparagraph A(ii) to Rule 24.9(a)(5) styled "CBOE Volatility Index ("VIX") Options," which would read as follows:

> The exercise settlement value of a VIX option for all purposes under these Rules and the Rules of the Clearing Corporation, shall be calculated on the specific date (usually a Wednesday) identified in the option symbol for the series. If that Wednesday or the Friday that is 30 days following that Wednesday is an Exchange holiday, the exercise settlement value shall be calculated on the business day immediately preceding that Wednesday.

The Exchange notes that Rule 24.9(a)(5) is cross-referenced in Rule 6.2B.08, which sets forth the days on which Modified Opening Procedures are used for Hybrid classes and series that are used to calculated volatility indexes. Rule 24.9(a)(5) is identified in Rule 6.2B.08 in order to determine the specific days on which the Modified Opening Procedures are utilized. Expiring 30-day VIX options weekly would result in the Modified Opening Procedures being used more frequently for the constituent options series used to calculate the exercise settlement values for the proposed new 30-day VIX weekly expirations.

Fifth, the Exchange proposes to amend Rule 24.9(a) by adding an additional paragraph (under proposed new subparagraph B "Special Opening Quotation") that provides detailed information about the "time to expiration" input. Specifically, the paragraph would provide as a follows:

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11 In addition to VIX options, the Exchange lists options on other 30-day volatility indexes, which are covered by this provision too.

> The "time to expiration" used to calculate the SOQ shall account for the actual number of days and minutes until expiration for the constituent option series. For example, if the Exchange announces that the opening of trading in the constituent option series is delayed, the amount of time until expiration for the constituent option series used to calculate the exercise settlement value would be reduced to reflect the actual opening time of the constituent option series. Another example would be when the Exchange is closed on a Wednesday due to an Exchange holiday, the amount of time until expiration used to calculate the exercise settlement value would be increased to reflect the extra calendar day between the day that the exercise settlement value is calculated and the day on which the constituent option series expire.

In support of this proposed change, the Exchange states that similar language about the above description of the "time to expiration" input for VIX options is already set forth in CBOE Regulatory Circular RG14-005.[12] Also, similar language is set forth in Rule 24.9(a)(6) when describing the "time to expiration" input for VXST options. The Exchange is proposing to take this opportunity to marry up this concept with Rule 24.9(a)(6), as applicable here.

The Exchange also proposes to take this opportunity to make the following minor amendments to Rule 24.9(a)(6): (i) modification to the title of that Rule, (ii) addition of similar subheadings throughout that Rule, and (iii) revision to the Wednesday holiday example provided under the proposed new subheading "Special Opening Quotation." The Exchange proposes to make these changes in order to conform Rule 24.9(a)(6) with the proposed new structure and formatting of Rule 24.9(a)(5). The Exchange believes that it would be beneficial to have parallel structure between these two rule provisions because the rules address the same topics but for different option classes. The Exchange states that the proposed changes to Rule 24.9(a)(6) are non-substantive.

Sixth, as to Rule 24.9(a)(5), the Exchange proposes to add a sentence to address when the last trading day is moved because of an Exchange holiday. Specifically, the sentence would

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12 The Exchange would revise this circular to layer in weekly VIX option expirations and to make general updates, as needed.

provide that the last trading day would be the day immediately preceding the last regularly scheduled trading day. As with the "time to expiration" input proposed addition, this proposed sentence is similar to language that is set forth in Rule 24.9(a)(6). The Exchange is proposing to take this opportunity to marry up Rule 24.9(a)(5) with Rule 24.9(a)(6), as applicable here.

The Exchange is currently permitted to list up to 12 standard (monthly) VIX expirations.[13] The Exchange proposes to maintain the ability to list 12 standard (monthly) VIX expirations and proposes to permit the Exchange to list up to six weekly expirations in VIX options. The six weekly expirations would be for the nearest weekly expirations from the actual listing date and weekly expirations would not be permitted to expire in the same week in which standard (monthly) VIX options expire. Standard (monthly) expirations in VIX options would not be counted as part of the maximum six weekly expirations permitted for VIX options. The below chart illustrates the maximum listing ability under this new proposed revision as of July 30, 2015:

Expiration Date	**Type of Expiration**
AUG 5 2015	Weekly (1)
AUG 12 2015	Weekly (2)
AUG 19 2015	Standard (Monthly) (1)
AUG 26 2015	Weekly (3)
SEP 2 2015	Weekly (4)
SEP 9 2015	Weekly (5)
SEP 16 2015	Standard (Monthly) (2)
SEP 23 2015	Weekly (6)
OCT 21 2015	Standard (Monthly) (3)
NOV 18 2015	Standard (Monthly) (4)
DEC 16 2015	Standard (Monthly) (5)
JAN 20 2016	Standard (Monthly) (6)
FEB 17 2016	Standard (Monthly) (7)
MAR 16 2016	Standard (Monthly) (8)
APR 20 2016	Standard (Monthly) (9)

13 The Exchange calculates the CBOE VVIX Index, which measures the expected volatility of the 30-day forward price of the VIX Index and is calculated using VIX options. Because CBOE calculates a volatility index using VIX options, the Exchange is permitted to list up to 12 expirations at any one time for VIX options.

Expiration Date	Type of Expiration
MAY 18 2016	Standard (Monthly) (10)
JUN 15 2016	Standard (Monthly) (11)
JUL 20 2016	Standard (Monthly) (12)

To effectuate this change, the Exchange proposes to amend Rule 24.9(a)(2) to expressly provide for these VIX expirations. The Exchange also proposes to take this opportunity to clean up and stream line this subparagraph (a)(2) to Rule 24.9. No substantive changes are being proposed by these reorganizational amendments.

Currently, the Exchange may list new series in VIX options up to the fifth business day prior to expiration. The Exchange proposes to amend Rule 24.9(.01)(c) to permit new series to be added up to and including on the last day of trading for an expiring VIX option contract. In support of this change, the Exchange states that this listing ability is similar to the series setting schedule for other types of weekly expirations, including VXST options.[14]

Finally, the Exchange proposes to amend Rule 24.9.01(l) by breaking out VIX options separately from other volatility index options under new subparagraph (ii). New subparagraph (ii) would provide,

> Notwithstanding paragraphs (a) and (l)(i), the interval between strike prices for CBOE Volatility Index (VIX) options will be $0.50 or greater where the strike price is less than $75, $1 or greater where the strike price is $200 or less and $5 or greater where the strike price is more than $200.

The Exchange notes that the strike setting parameters set forth in the proposed paragraph are already permitted for VIX options.[15] The Exchange believes that separating VIX options from

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14 See existing Rule 24.9.01(c). See also Rules 5.5(d)(4) and 24.9(a)(2)(A)(iv) which permit series to be added up to and including on their expiration date for short-term (weekly) options.

15 See Rule 24.9(l) and Rule 24.9.12, which permits $0.50 and $1 strike price intervals for options that are used to calculate volatility indexes. The Exchange calculates the CBOE

other volatility index options in this section to the CBOE Rulebook would benefit market participants since it would be easier to identify the strike setting parameters for VIX options by breaking them out as proposed.

Capacity

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 the additional traffic associated with the listing of new series that would result from the expiring VIX options weekly. Because the proposal is limited to a single class, the Exchange believes that the additional traffic that would be generated from the introduction of weekly 30-Day VIX option series would be manageable.

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.[16] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[17] requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, 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.

VVIX Index, which measures the expected volatility of the 30-day forward price of the VIX Index and is calculated using VIX options.

16 15 U.S.C. 78f(b).

17 15 U.S.C. 78f(b)(5).

Specifically, the Exchange believes that there is an unmet market demand for options that expire each week that measure a 30-day volatility period. By permitting VIX options to expire every week, CBOE hopes to respond to that unmet market demand.

The success of CBOE's VIX options that measure a 30-day period illustrate the prominence that volatility products have taken over the past several years. CBOE seeks to enlarge its suite of volatility offerings by introducing weekly expiring series that would provide investors with a 30-day VIX contract that expires every week. CBOE believes that expiring 30-day VIX options weekly would provide investors with additional opportunities to manage 30-day volatility risk each week.

CBOE has many years of history and experience in conducting surveillance for volatility index options trading to draw from in order to detect manipulative trading in the proposed new 30-day weekly VIX series. Additionally, the Exchange represents that it has the necessary systems capacity to support the addition of weekly 30-day VIX expirations.

The Exchange believes that the proposed non-substantive changes to Rules 24.9(a)(5) and 24.9(a)(6) would be beneficial to market participants and users of CBOE's Rulebook because there would be parallel structure between two rule provisions that address same topics but for different option classes. The Exchange also believes that these proposed changes would generally result in a clearer and more user-friendly presentment of the provisions set forth in CBOE's Rulebook.

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 not necessary or appropriate in furtherance of the purposes of the Act. Specifically, CBOE believes that the permitting 30-day VIX options to expire weekly would enhance competition among market participants and would provide a new weekly expiration that can compete with other weekly options to the benefit of investors and the marketplace.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

A. by order approve or disapprove such proposed rule change, or

B. institute proceedings to determine whether the proposed rule change should be 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. Please include File Number SR-CBOE-2015-050 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-2015-050. 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-2015-050 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.[18]

Robert W. Errett
Deputy Secretary

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[18] 17 CFR 200.30-3(a)(12).