

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-70936; File No. SR-CBOE-2013-112)

November 25, 2013

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Increase the Class Quoting Limit for Options on Twitter

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 November 15, 2013, 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 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 increase the Class Quoting Limit ("CQL") for options on Twitter. 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'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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

A CQL is the maximum number of Trading Permit Holders (“TPHs”) that may quote electronically in a given product.³ CBOE Rule 8.3A, Interpretation .01 states that the CQL for products trading on the Exchange’s Hybrid Trading System (“Hybrid”) is 50.⁴ However, the President of the Exchange may increase the CQL for an existing or new product if he determines that it would be appropriate.⁵ Such an increase can be accomplished by submitting to the Securities and Exchange Commission (the “Commission”) a rule filing pursuant to Section 19b(3)(A) of the Act and announcing the increase to TPHs via Information Circular.⁶ The Exchange has previously increased the CQLs for other products via rule filing.⁷

The Exchange intends to begin to allow the trading of options on Twitter on November 15, 2013. The Exchange has already noticed substantial interest in the product, specifically from Market-Makers desiring to quote in that class. As such, CBOE’s President has determined that it would be appropriate to increase the CQL for Twitter to 75. The Exchange has prepared an

³ See CBOE Rule 8.3A.

⁴ See CBOE Rule 8.3A, Interpretation .01(a).

⁵ See CBOE Rule 8.3A, Interpretation .01(b).

⁶ See CBOE Rule 8.3A, Interpretation .01(c).

⁷ See Securities Exchange Act Release No. 55664 (April 24, 2007), 72 FR 23867 (May 1, 2007) (SR-CBOE-2007-36), which increased the CQLs for Apple Inc. and Research In Motion to 60. See also Securities Exchange Act Release No. 67231 (June 21, 2012), 77 FR 38362 (June 27, 2012) (SR-CBOE-2012-057), which increased the CQL for Facebook to 60.

Information Circular to inform TPHs of this change, and hereby submits this proposed rule filing to effect such change. The Exchange has the system capacity to manage the proposed increase.

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.⁸ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁹ 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. Increasing the CQL for Twitter allows more Market-Makers to quote in that product, which provides greater volume and more trading activity for all market participants, thereby perfecting the mechanism for a free and open market.

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 Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because it will be applied to all Market-Makers in accordance with CBOE Rule 8.3A. The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

it only affects Market-Maker quoting on CBOE. Further, increasing the CQL for Twitter on CBOE will allow more Market-Makers to quote in that product, which provide [sic] for greater trading opportunities greater volume and more trading activity for CBOE market participants, thereby enhancing competition. To the extent that the proposed change makes CBOE a more attractive trading venue for market participants at other exchanges, such market participants may elect to become CBOE market participants.

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 19(b)(3)(A) of the Act¹⁰ and Rule 19b-4(f)(6)¹¹ thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)¹² normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹³ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(6).

¹² 17 CFR 240.19b-4(f)(6).

¹³ 17 CFR 240.19b-4(f)(6)(iii).

filing. The Exchange notes that waiving the 30-day operative delay would allow more TPHs to start quoting on Twitter immediately, thereby providing greater volume and more trading activity in that product. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest, as it will allow CBOE to respond without delay to what it has identified to be current market demand for increased quoting capacity in options overlying Twitter stock and thereby will help accommodate current market interest. Further, the Exchange has represented that it has the systems capacity to accommodate the additional quotation activity. Accordingly, the Commission designates the proposed rule change to be operative upon filing with the Commission.¹⁴

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-2013-112 on the subject line.

¹⁴ For purposes only of waiving the operative delay for this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CBOE-2013-112. 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-2013-112 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.¹⁵

Kevin M. O'Neill
Deputy Secretary

¹⁵ 17 CFR 200.30-3(a)(12).