SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-80060; File No. SR-CBOE-2016-091)

February 17, 2017

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Approving a Proposed Rule Change Related to a Change to the Trading Symbol for P.M.-Settled Options on the Standard & Poor's 500 Index

I. Introduction

On December 16, 2016, Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] a proposed rule change amending CBOE's rules related to P.M.-settled options on the Standard & Poor's 500 Index ("S&P 500 Index"). The proposed rule change was published for comment in the Federal Register on January 5, 2017.[3] The Commission received no comment letters on the proposed rule change. This order approves the proposed rule change.

II. Description of the Proposed Rule Change

CBOE proposes to move P.M.-settled S&P 500 Index options expiring on the third-Friday of the month ("third-Friday"), currently listed in a separate class and trading under the symbol "SPXPM", to the Hybrid 3.0 S&P 500 Index options class. In connection with the move, the Exchange proposes changing the trading symbol for these options from "SPXPM" to "SPXW."

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

2 17 CFR 240.19b-4.

3 See Securities Exchange Act Release No. 79712 (December 29, 2016), 82 FR 1383 (January 5, 2017) ("Notice").

The Exchange currently lists A.M.-settled[4] and P.M.-settled[5] S&P 500 Index options that have standard third-Friday expirations. Third-Friday A.M.-settled S&P 500 Index options trade under the symbol "SPX" on the Exchange's Hybrid 3.0 platform.[6] Third-Friday P.M.-settled S&P 500 Index options trade on the Hybrid Trading System in a separate options class under the symbol "SPXPM".[7]

In addition, the Hybrid 3.0 options class also includes nonstandard P.M.-settled S&P 500 Index options trading under the symbol "SPXW," which may expire on Mondays, Wednesdays, Fridays (other than the third-Friday-of-the-month) (i.e., nonstandard weekly expirations pursuant to Rule 24.9(e)), and the last trading day of the month.[8] Although SPXW options are included in the Hybrid 3.0 class, they trade on the Hybrid Trading System.[9]

In its filing, the Exchange noted that a gap exists currently in Friday expirations for SPXW as a user of SPXW options cannot roll an existing SPXW position that expires on a first or second Friday of a month into a SPXW position that expires on a third-Friday, because the latter is part of the separate SPXPM class.[10] Moving SPXPM into the SPX class under symbol SPXW will remove this gap and allow market participants to maintain exposure to SPXW Friday expirations throughout the month if they so choose. The Exchange also noted that offering access to all P.M.-settled S&P 500 Index options in a single class with expirations every Friday

---

4 See Rule 24.9(a)(4)(i) (A.M.-settled index options).

5 See Rule 24.9.14 (authorizing the Exchange to list P.M.-settled S&P 500 options for a specified pilot period).

6 See Rule 8.3(c)(iii).

7 See Rule 8.3(c)(i) (identifying P.M.-settled third-Friday S&P 500 options as a Tier AA Hybrid Options Class).

8 See Rule 24.9(e).

9 See Rule 8.14.01.

10 See Notice, supra note 3, at 1384.

of the month will provide market participants with greater flexibility in submitting complex orders using S&P 500 index options.[11]

In its filing, the Exchange noted its belief that moving SPXPM into the SPX options class under the symbol SPXW should not adversely impact market participants.[12] Specifically, the Exchange noted that it expects a smooth transition of the SPXPM series to the SPXW symbol because SPXPM and SPXW options both trade on the Hybrid Trading System[13] and the Exchange's rules and systems treat SPXPM and SPXW the same in many respects.[14]

Pilot Reports

SPXPM options currently are approved for listing and trading on a pilot basis.[15] The Exchange represents that the pilot will continue under the same terms that established the pilot.[16]

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act[17] and the rules and regulations thereunder applicable to a

---

11 See id.

12 See id.

13 See Rules 8.3(c)(i) (identifying P.M.-settled third-Friday S&P Index options as a Tier AA Hybrid Options Class) and 8.14.01 (allowing the Exchange to authorize a group of series of a class for trading on the Hybrid Trading System).

14 See Notice, supra note 3, at 1384-85 (discussing areas where trading parameters for SPXPM and SPXW are the same, such as the minimum increment for bids and offers, and where they differ, such as the appointment costs).

15 See Rule 24.9.14 and Securities Exchange Act Release No. 68457 (December 18, 2012), 77 FR 76135 (December 26, 2012) (SR-CBOE-2012-120).

16 See Notice, supra note 3, at 1385. As part of the pilot, the Exchange submits quarterly reports and annual reports that analyze the market impact and trading patterns of third-Friday P.M.-settled S&P 500 options. The Exchange will modify the reports to provide the same data and analysis for third-Friday P.M.-settled S&P 500 Index options trading under symbol SPXW that it currently submits for third-Friday P.M.-settled S&P 500 Index options trading under symbol SPXPM. See id.

17 15 U.S.C. 78f.

national securities exchange.[18] In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,[19] which requires, among other things, that the rules of a national securities exchange be designed 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.

The Exchange represents that trading P.M.-settled third-Friday expirations as part of the S&P 500 Index options class under the SPXW symbol, rather than as a separate class under the SPXPM symbol, will help remove impediments to and perfect the mechanism of a free and open market by providing market participants with access to a single class of P.M.-settled S&P 500 Index options with expirations every Friday of the month.[20] The Commission believes that the proposal can thus benefit investors by providing them with additional trading flexibility for both simple and complex orders.

Further, the Exchange represents that there are minimal differences in the trading parameters of the two options classes.[21] Although the appointment costs for SPXPM and SPX are different, the Exchange represents that market makers should not be adversely impacted by this proposal because all market-makers currently appointed in SPXPM also are appointed in SPX, which confers the right to trade SPXW options.[22] The Commission believes that, to the extent the trading parameters of the two classes are substantively similar, the Exchange's proposal to move SPXPM options into the SPX options class does not raise novel issues.

---

18 In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

19 15 U.S.C. 78f(b)(5).

20 See Notice, supra note 3, at 1386.

21 See id. at 1384-85.

22 See id. at 1385.

Finally, SPXPM options currently are listed on a pilot basis. As part of the pilot, the Exchange has been required to submit to the Commission quarterly reports and annual reports that analyze the market impact and trading patterns of third-Friday P.M.-settled S&P 500 options. The Exchange represents that it will continue to provide this data in exactly the same scope and format.[23] The Commission believes that the continued pilot and reports will allow the Exchange and the Commission to monitor for and assess any potential adverse market impact caused by these P.M.-settled options.

Based on the Exchange's representations discussed above, and for the reasons noted above, the Commission believes that the proposal to move SPXPM options into the SPX options class is consistent with the Act.

---

23 See id.

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,[24] that the proposed rule change (SR-CBOE-2016-091) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[25]

Eduardo A. Aleman
Assistant Secretary

---

24 15 U.S.C. 78s(b)(2).

25 17 CFR 200.30-3(a)(12).