

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-85817; File No. SR-CBOE-2019-026)

May 9, 2019

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend its Fee Schedule to Adopt Reduced Subscription Fees for Academics for the Sale of Historical Cboe Open-Close Volume Data

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 April 25, 2019, Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) filed with the Securities and Exchange Commission (the “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 Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to amend its fee schedule to adopt reduced subscription fees for academics for the sale of Historical Cboe Open-Close volume data. The text of the proposed rule change is provided in Exhibit 5.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend its Cboe LiveVol, LLC (“Cboe LiveVol”) Price List to adopt reduced subscription fees for academics for the sale of historical Cboe Open-Close volume data. In 2015, former Cboe Holdings (now Cboe Global Markets) acquired LiveVol, Inc, a market data services and trading analytics platform. In 2016, Cboe LiveVol launched its website, Cboe LiveVol DataShop³ (“DataShop”), which offers clients, both Trading Permit Holders (“TPHs”) and non-TPHs, a range of market data sets, including historical data, and subscription options. Specifically, Open-Close Data is a Cboe proprietary data set offered on DataShop that consists of the volume summary (i.e. contracts traded) for each Exchange-listed option. Open-Close Data summarizes Cboe Options volume by origin (customer and firm orders only), original order size and the opening or closing position of the order. Customers may purchase Daily Open-Close Data on a monthly subscription basis or Historical Open-Close Data on an ad hoc request basis. The Exchange seeks only to amend the price per year for Historical Open-Close Data for academic purchasers. Currently, Historical Open-Close Data is available to all customers at the same price and in the same manner. The current charge for Historical Open-Close Data covering all of the Exchange’s securities ((Equities, Indexes & ETF’s) is \$7,200 per year for requests for one to four years of data, and a 50% discount beginning with the fifth year of data (i.e. Cboe

³ Available at: <https://datashop.cboe.com/>.

LiveVol charges \$7,200 for each of the first four years of data and \$3,600 for data the fifth year and on).

The Exchange now proposes to charge qualifying academic purchasers \$1,500 per year for Historical Open-Close Data covering all of the Exchange's securities. As proposed, the 50% discount beginning with the fifth year of data is not applicable to academic pricing. The Exchange believes that academic institutions provide a valuable service for the Exchange in studying and promoting the options market. Though academic institutions and researchers have need for granular options data sets, they do not trade upon the data for which they subscribe. The Exchange believes the proposed reduced fees for qualifying academic purchasers of Historical Open-Close Data will encourage and promote academic studies of its market data by academic institutions. In order to qualify for the academic pricing, an academic purchasers must be 1) an accredited academic institution, 2) that will use the data in independent academic research, academic journals and other publications, teaching and classroom use, or for other bona fide educational purposes (i.e. academic use). Furthermore, use of the data must be limited to faculty and students of the accredited academic institution, and any commercial or profit-seeking usage is excluded. Academic pricing will not be provided to any purchaser whose research is funded by a securities industry participant. Cboe LiveVol subscriber policies will be updated to reflect the academic discount program, and academic institutions interested in qualifying will be required to submit a brief application. Cboe LiveVol Business Development will have the discretion to review and approve such applications and request additional information when it deems necessary.

The Exchange notes that other exchanges currently offer academic discounts for similar data feeds.⁴ The Exchange recognizes the high value of academic research and educational instruction and publications, and believes that the proposed academic discount for Historical Open-Close Data will encourage the promotion academic research of the options industry, which will serve to benefit all market participants while also opening up a new potential user base among students. Finally, the Exchange notes that academic purchasers' subscriptions to Historical Open-Close Data are educational in use and purpose, and not vocational.

Lastly, the Exchange proposes to relocate the current Open-Close Data pricing schedule available on DataShop, along with the proposed academic discount, to its Exchange Fees Schedule, under the LiveVol Fees Table. The Open-Close Data will continue to be made available on DataShop. The Exchange proposes to change the format of the Open-Close Data of all Cboe securities received by a purchaser from a DVD to a download, noting that file sizes larger than 500GB will be shipped to the purchaser on a hard drive. The Exchange notes that this is the current process in which a purchaser receives Historical Open-Close Data via the DataShop website. As such, the proposed change does not substantively change the pricing schedule, but rather reflects the format in which purchasers are currently receiving Historical Open-Close Data via the DataShop website. As such, the Exchange notes no substantive changes

⁴ See Securities Exchange Act Release No. 67955 (October 1, 2012) 77 FR 61037 (October 5, 2012) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Adopt Reduced Fees for Historical ISE Open/Close Trade Profile Intraday Market Data Offering) (SR-ISE-2012-76); Securities and Exchange Act Release 34-60654 (September 11, 2009) 74 FR 47848 (September 17, 2009) (Notice of Filing of Proposed Rule Change Relating to Historical ISE Open/Close Trade Profile Fees) (SR-ISE-2009-64); Securities Exchange Act Release No. 53770 (May 8, 2006) 71 FR 27762 (May 12, 2006) (Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto To Establish an Annual Administrative Fee for Market Data Distributors That Are Recipients of Nasdaq Proprietary Data Products) (SR-NASD-2006-030).

are being made by relocating the pricing information, but rather believes the Open-Close Data fees would be better situated among the Exchange's current LiveVol Fees Table in the Exchange's Fees Schedule.

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.⁵ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁶ 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)⁷ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that the discount for qualifying academic purchasers of the annual subscription to Historical Open-Close Data is reasonable because academic institutions are not able to monetize access to the data as they do not trade on the data set. The Exchange believes the proposed discount will allow for more academic institutions to purchase

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

⁷ Id.

Historical Open-Close Data, and, as a result, promote research and studies of the options industry to the benefit of all market participants. The Exchange believes that the proposed discount is equitable and not unfairly discriminatory because it will apply equally to all academic institutions that submit an application and meet the accredited academic institution and academic use criteria. As stated above, qualified academic users will subscribe to the data set for educational use and purposes and are not permitted to use the data for commercial or monetizing purposes, nor can qualify if they are funded by an industry participant. As a result, the Exchange believes the proposed discount is equitable and not unfairly discriminatory because it maintains equal treatment for all industry participants or other subscribers that use the data for vocational, commercial or other for-profit purposes. Additionally, the Exchange believes its proposal to adopt the pricing schedule for Open-Close Data under its Fees Schedule is reasonable and equitable because maintaining the pricing information for Cboe proprietary data in a fee schedule in a centralized location on the main Cboe website⁸ reduces confusion for investors and allows for easier access to such pricing for all market participants. Furthermore, the Exchange believes the proposed change from a purchaser's receipt of a DVD to a download of Historical Open-Close Data is reasonable and equitable because it reflects the format in which purchasers are already receiving such data via the DataShop website. As a result, this change will reduce confusion for all investors once the Open-Close pricing information is adopted under the Exchange's Fee Schedule.

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

The Exchange 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

⁸ Available at: <http://www.cboe.com/trading-resources/fee-schedules>

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 the proposed rule change will apply to all qualifying academic purchasers uniformly. While the proposed fee reduction applies only to qualifying academic purchasers, academic institutions' research and publications as a result of access to historical market data benefits all market participants. The Exchange also 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 as other options exchanges currently offer similar historical data to academic institutions at a discounted price. Offering a discount for qualifying academic institutions that purchase the Exchange's Historical Open-Close Data may make that data more attractive to such academic institutions and further increase competition with exchanges that offer similar historical data products.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act⁹ and paragraph (f) of Rule 19b-4¹⁰ 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

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f).

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

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-2019-026 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-2019-026. 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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CBOE-2019-026 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
Deputy Secretary

¹¹ 17 CFR 200.30-3(a)(12).