

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-71775; File No. SR-CBOE-2014-021)

March 24, 2014

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the CBSX BBO Data Feed and a New CBSX Book Depth Data Feed

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 March 11, 2014, 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 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

Chicago Board Options Exchange, Incorporated (the “Exchange” or “CBOE”) proposes to (i) update the description of the data included in the CBOE Stock Exchange (“CBSX”) BBO Data Feed and (ii) offer a book depth data feed for securities traded on the CBSX. 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

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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to (i) update the description of the data included in the CBSX BBO Data Feed, and (ii) offer a book depth data feed for securities traded on the CBSX. CBSX is CBOE's stock trading facility.

BBO Data Feed

The BBO Data Feed is a real-time, low latency data feed that includes CBSX "BBO data" and last sale data.³ CBOE reports CBSX BBO data under the Consolidated Quotation Plan ("CQ Plan") and CBSX last sale data under the Consolidated Tape Association Plan ("CTA Plan") with respect to NYSE-listed securities and securities listed on exchanges other than NYSE and Nasdaq for inclusion in those Plans' consolidated data streams. CBOE reports CBSX BBO data and CBSX last sale data under the Nasdaq Unlisted Trading Privileges Plan ("Nasdaq/UTP Plan") with respect to Nasdaq-listed securities for inclusion in that Plan's consolidated data stream. The BBO and last sale data contained in the CBSX BBO Data Feed is identical to the data that CBOE sends to the processors under the CQ, CTA and Nasdaq/UTP Plans for

³ The CBSX BBO Data Feed includes the "best bid and offer," or "BBO", consisting of all outstanding quotes and standing orders at the best available price level on each side of the market, with aggregate size ("BBO data," sometimes referred to as "top-of-book data"). Data with respect to executed trades is referred to as "last sale" data. See Securities Exchange Act Release No. 69399 (April 18, 2013), 78 FR 24258 (April 24, 2013).

redistribution to the public.⁴ The BBO Data Feed is made available by CBOE's affiliate Market Data Express, LLC ("MDX").

The BBO Data Feed also includes certain data that is not included in the data sent to the processors under the CQ, CTA and Nasdaq/UTP Plans, namely, totals of customer versus non-customer contracts at the BBO, and All-or-None contingency orders priced better than or equal to the BBO.

The Exchange, through MDX, plans to make additional data available in the BBO Data Feed and therefore proposes to update the description of the data included in the feed.

Specifically, the Exchange proposes to add end-of-day ("EOD") summary messages and recap messages to the feed. EOD summary messages are messages that will be disseminated after the close of a trading session that will include summary information about CBSX traded securities. Such information includes product name, opening price, high and low price during the trading session and last sale price. Recap messages are messages that will be disseminated during a trading session any time there is a change in the open, high, low or last sale price of a CBSX traded security. In addition to open, high, low and last sale prices, such messages will also include product name and total volume traded in the product during the trading session.

At this time, the Exchange does not intend to amend the fees for the BBO Data Feed.

Book Depth Data Feed

The Exchange proposes to make available, through MDX, a real-time, low latency data

⁴ The Exchange notes that MDX makes available to Customers the BBO data and last sale data that is included in the CBSX BBO Data Feed no earlier than the time at which the Exchange sends that data to the processors under the CQ, CTA and Nasdaq/UTP Plans. A "Customer" is any entity that receives the BBO Data Feed directly from MDX's system or through a connection to MDX provided by an approved redistributor (i.e., a market data vendor or extranet service provider) and then redistributes it internally and/or externally.

feed that includes all outstanding quotes and standing orders up to the first five price levels on each side of the market, with aggregate size (“Book Depth Data Feed”).⁵ The Book Depth Data Feed will also include all of the other data contained in the BBO Data Feed (as described above), including last sale data. The data in the Book Depth Data Feed would be refreshed periodically during the trading session.

The Exchange will file a separate proposed rule change to establish the fees to be charged by MDX for the Book Depth Data Feed.

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

⁵ The Exchange notes that MDX will make available the BBO and last sale data that is included in the Book Depth Data Feed no earlier than the time at which the Exchange sends that data to the processors under the CQ, CTA and Nasdaq/UTP Plans.

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

⁸ Id.

to permit unfair discrimination between customers, issuers, brokers, or dealers because the enhanced BBO Data Feed and the Book Depth Data Feed would be made available by MDX to any market participant that wishes to subscribe to either feed.

In adopting Regulation NMS, the Commission granted self-regulatory organizations and broker-dealers increased authority and flexibility to offer new and unique market data to the public. It was believed that this authority would expand the amount of data available to consumers, and also spur innovation and competition for the provision of market data. The Exchange believes that this proposal is in keeping with those principles by promoting increased transparency through the dissemination of useful data and also by clarifying its availability to market participants. The Exchange believes that updating the description of the BBO Data Feed will benefit users by making clearer what data is included in the feed. The Exchange believes offering the Book Depth Data Feed will increase transparency, help attract order flow and provide investors with additional information that may help to inform their trading decisions.

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 proposal to update the description of the BBO Data Feed is intended not to address any competitive issue but rather to reflect the data that is included in the feed. The Exchange notes other exchanges offer depth of market products similar to the Book Depth Data Feed. For example, BATS offers Multicast PITCH, which is their depth of market and last sale feed similar to the Book Depth Data Feed. The NASDAQ Stock Market offers a product entitled "NASDAQ TotalView ITCH" that is similar to the Book Depth Data Feed. NYSE offers market data products entitled "NYSE OpenBook", NYSE ArcaBook" and "NYSE MKT OpenBook" that

include depth of market data for NYSE, NYSE Arca and NYSE MKT traded securities. In addition, the CQ, CTA and Nasdaq/UTP data feeds are significant competitive alternatives to the BBO Data Feed and the Book Depth Data Feed.

The Exchange believes the enhanced BBO Data Feed and the Book Depth Data Feed will help to attract new users and new order flow to the Exchange, thereby improving the Exchange's ability to compete in the market for options order flow and executions.

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:

- A. significantly affect the protection of investors or the public interest;
- B. impose any significant burden on competition; and
- C. 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) of the Act⁹ and Rule 19b-4(f)(6)¹⁰ thereunder.

The Exchange has requested that the Commission waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange has stated that it does not intend to amend the fees for the BBO Data Feed, and that the proposed Book Depth Data Feed mostly includes data already made available by the Exchange through the BBO Data Feed. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest, because such waiver will enable market

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6).

participants to receive more market data via the Exchange's new and existing data feeds at no charge. For this reason, the Commission hereby waives the 30-day operative delay requirement and designates the proposed rule change to be operative upon filing.¹¹

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.

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-2014-021 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.

¹¹ 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).

All submissions should refer to File Number SR-CBOE-2014-021. 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 such filing also will be available for inspection and copying at the principal offices 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-2014-021, 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.¹²

Kevin M. O'Neill
Deputy Secretary

¹² 17 CFR 200.30-3(a)(12).