

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-78450; File No. SR-CBOE-2016-051)

August 1, 2016

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Series 9/10 Examination Program

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 July 27, 2016, 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, II, and III below, which Items have been prepared by the CBOE. CBOE has designated the proposed rule change as “constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule” under Section 19(b)(3)(A)(i) of the Act³ and Rule 19b-4(f)(1) thereunder,⁴ which renders the proposal effective upon receipt of this filing by the Commission. 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 is filing a proposal to adopt revisions to the content outline and selection specifications for the General Securities Sales Supervisor (Series 9/10) examination program.⁵

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(i).

⁴ 17 CFR 240.19b-4(f)(1).

⁵ CBOE is also proposing corresponding revisions made by FINRA to the Series 9/10 question bank. CBOE is submitting this filing for immediate effectiveness pursuant to Section 19(b)(3)(A) of the act [sic] and Rule 19b-4(f)(1) thereunder.

The revisions update the material to reflect changes to the laws, rules and regulations covered by the examination and to incorporate the functions and associated tasks currently performed by a General Securities Sales Supervisor. In addition, CBOE is proposing to adopt changes to the format of the content outline. CBOE is not proposing any textual changes to the By-Laws, Schedules to the By-Laws or Rules of CBOE. CBOE is proposing these revisions to adopt the revised Series 9/10 examination program of the Financial Industry Regulatory Authority, Inc. (“FINRA”). FINRA currently administers Series 9/10 examinations on behalf of CBOE (and other self-regulatory organizations).

The revised content outline is attached.⁶ The Series 9/10 selection specifications were submitted to the Commission under separate cover by FINRA. FINRA submitted the Series 9/10 selection specifications in connection with a FINRA filing to revise its Series 9/10 Examination Program.⁷ CBOE is in agreement with the selection specifications submitted by FINRA.

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 in

⁶ The Commission notes that the revised content outline is attached to the filing, not to this Notice. The content outline is available as part of the filing on CBOE’s website.

⁷ See Securities Exchange Act Release No. 76812 (December 31, 2015), 81 F.R. 834 (January 7, 2016) (SR-FINRA-2015-058).

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

Section 6(c)(3) of the Act⁸ authorizes CBOE to prescribe standards of training, experience, and competence for persons associated with CBOE Trading Permit Holders (“TPH”). In accordance with that provision, CBOE, in consultation with a committee of industry representatives, has advised FINRA in developing examinations that are designed to establish that persons associated with CBOE TPHs have attained specified levels of competence and knowledge, consistent with applicable registration requirements under CBOE rules. CBOE, in consultation with a committee of industry representatives, periodically reviews the content of the examinations to determine whether revisions are necessary or appropriate in view of changes pertaining to the subject matter covered by the examinations.

CBOE Rule 9.2, in relevant part, states, “No TPH organization shall be approved to transact options business with the public until those persons associated with it who are designated as Options Principals have been approved by and registered with the Exchange. Persons engaged in the supervision of options sales practices or a person to whom the designated general partner or executive officer (pursuant to Rule 9.8) or another Registered Options Principal delegates the authority to supervise options sales practices shall be designated as Options Principals.”⁹

⁸ 15 U.S.C. 78f(c)(3).

⁹ See CBOE Rule 9.2.

CBOE Rule 9.2, Interpretation and Policy .01 further states: “Individuals engaged in the supervision of options sales practices and designated as Options Principals are required to qualify as an Options Principal by passing the Registered Options Principals Examination (Series 4) or the Sales Supervision Examination (Series 9/10).”¹⁰ The Exchange notes that, with the Series 9/10 examination, an individual is only qualified to supervise sales activities. The scope of responsibility associated with the Series 4 is broader. In that regard, CBOE Rule 9.2, Interpretation and Policy .02 states: “Individuals who are delegated responsibility pursuant to Rule 9.8 for reviewing the acceptance of discretionary accounts, for approving exceptions to a TPH organization’s criteria or standards for uncovered options accounts, and for approval of communications, shall be designated as Options Principals and are required to qualify as an Options Principal by passing the Registered Options Principal Examination (Series 4).”¹¹

In consultation with a committee of industry representatives, including representatives from CBOE, FINRA recently undertook a review of the Series 9/10 examination program. As a result of this review, FINRA filed revisions to the content outline to reflect changes to the laws, rules and regulations covered by the examination and to incorporate the functions and associated tasks currently performed by a General Securities Sales Supervisor. FINRA also made changes to the format of the content outline.¹² CBOE is filing this rule change to reflect CBOE’s adoption of the revisions to the Series 9/10 examination program that were filed by FINRA.

¹⁰ See CBOE Rule 9.2 Interpretation and Policy .01.

¹¹ See CBOE Rule 9.2 Interpretation and Policy .02. CBOE Rule 9.8 pertains to the supervision of accounts and includes provisions on the duty to supervise, maintenance of customer records, internal controls, annual branch office inspections, risk-based surveillance and branch office identification, criteria for inspection programs, written reports, and reports to control persons.

¹² See SR-FINRA-2015-058, note 4 [sic], supra.

CBOE is proposing to adopt the revised Series 9/10 content outline, as revised by FINRA. FINRA revised the content outline to reflect changes to the laws, rules and regulations covered by the examination. The revised content outline is now divided into two parts with eight major job functions that are performed by a General Securities Sales Supervisor. The functions and associated tasks, which appear in the revised content outline, reflect the day-to-day activities of a General Securities Sales Supervisor. CBOE is also proposing to adopt the changes made by FINRA to the format of the content outline, including the preface, sample questions and reference materials.

FINRA also adjusted the number of examination questions assigned to each major job function to ensure that the overall examination better reflects the key tasks performed by a General Securities Sales Supervisor. The questions on the revised Series 9/10 examination will place greater emphasis on key tasks such as supervision of registered persons, sales practices and compliance. CBOE is proposing to adopt these revisions related to the Series 9/10 examination questions.

Finally, CBOE is proposing to adopt the changes made by FINRA to the Series 9/10 selection specifications and question bank.

Availability of Content Outline

The revised Series 9/10 content outline is available on FINRA's website, at www.finra.org/brokerqualifications/exams.

CBOE is filing the proposed rule change for immediate effectiveness. CBOE will announce the proposed rule change in a Regulatory Circular.

2. Statutory Basis

CBOE believes that the proposed revisions to the Series 9/10 examination program are consistent with the provisions of Section 6(b)(5) of the Act,¹³ which requires, among other things, that CBOE rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and Section 6(c)(3) of the Act,¹⁴ which authorizes CBOE to prescribe standards of training, experience, and competence for persons associated with CBOE TPHs. CBOE believes that the proposed revisions will further these purposes by updating the examination program to reflect changes to the laws, rules and regulations covered by the examination and to incorporate the functions and associated tasks currently performed by a General Securities Sales Supervisor.

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

CBOE does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The updated examination aligns with the functions and associated tasks currently performed by a General Securities Sales Supervisor and tests knowledge of the most current laws, rules, regulations and skills relevant to those functions and associated tasks. As such, the proposed revisions would make the examination more efficient and effective.

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

Written comments were neither solicited nor received.

¹³ 15 U.S.C. 78f(b)(5).

¹⁴ 15 U.S.C. 78f(c)(3).

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 Act¹⁵ and paragraph (f)(1) of Rule 19b-4 thereunder¹⁶. 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-2016-051 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f)(1).

All submissions should refer to File Number SR-CBOE-2016-051. 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, D.C. 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-2016-051 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.¹⁷

Robert W. Errett
Deputy Secretary

¹⁷ 17 CFR 200.30-3(a)(12).