

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-82540; File No. SR-CBOE-2018-004)

January 19, 2018

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Establish Fees for Customized Functionality and/or Connectivity on the Silexx Trading Platform

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 January 8, 2018, 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

The Exchange proposes to establish fees for customized functionality and/or connectivity on the Silexx trading platform (“Silexx” or the “platform”). 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this filing is to adopt fees for customized functionality and/or connectivity on Silexx.³ Silexx is a front-end, broker-neutral, multi-asset class order entry and management trading platform owned by Cboe Silexx, LLC ("Cboe Silexx" a wholly owned subsidiary of Cboe Options' parent company, Cboe Global Markets, Inc.).

Silexx is an order entry and management trading platform for listed stocks and options that support [sic] both simple and complex orders.⁴ The platform is a software application that is installed locally on a user's desktop. The platform provides users with the capability to send option orders to U.S. options exchanges and stock orders to U.S. stock exchanges (and other trading centers), and allows users to input parameters to control the size, timing and other variables of their trades. Silexx includes access to real-time options and stock market data, as well as access to certain historical data. The platform provides users with the ability to maintain an electronic audit trail and provide detailed trade reporting. In addition, Silexx offers other functionality such as access to crossing orders tickets, equity order reports and market data feeds (for specific fees).

³ The Exchange initially filed the proposed fee changes on January 2, 2018 (SR-CBOE-2018-002). On January 8, 2018, the Exchange withdrew that filing and submitted this filing.

⁴ The platform also permits users to submit orders for commodity futures, commodity options and other non-security products to be sent to designated contract markets, futures commission merchants, introducing brokers or other applicable destinations of the users' choice.

The Exchange is now proposing an addition to the Silexx fee schedule related to customized development of new functionality and/or connectivity. Pursuant to a Silexx user's request, Cboe Silexx will develop specifications and a statement of work relating to customized functionality and/or connectivity. The statement of work will show the time and materials costs associated with building Silexx to support the user's request. This addition to the Silexx fee schedule will allow Cboe Silexx to support users with user-specific functionality and connectivity. The same reasonable hourly and materials rates will apply to all users based on then-current rates in line with industry standards, which costs (and any reasonable, standard mark-up) will be passed through to users. As such, the Exchange believes the addition represents an equitable allocation of reasonable fees.

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

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

is consistent with Section 6(b)(4) of the Act,⁷ which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities.

Specifically, the Exchange believes the proposed change provides for the equitable allocation of reasonable fees because the same hourly and materials rates will apply to all users. The hourly and material rates will be based on then-current rates in line with industry standards, which costs (and any reasonable, standard mark-up) will be passed through to users. Any user may elect to customize their Silexx platform. Customization is completely optional and subject to an agreement on a statement of work between the user and Cboe Silexx.

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

Cboe Options 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. Each version of Silexx and any additional customized functionality and/or connectivity will be available to all market participants. Users have discretion to determine whether to customize their version of the platform. Any market participants will continue to have the flexibility to use any order entry and management technology they choose. The Exchange will not distinguish orders coming from a customized Silexx platform versus any other order management platform.

The proposed fees related to customized functionality and/or connectivity will not impose any burden on competition because the same rates will apply to all Silexx users. Those rates will be based on then-current rates in line with industry standards, which costs (and any reasonable, standard mark-up) will be passed through to Silexx users.

⁷ 15 U.S.C. 78f(b)(4).

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 Act⁸ and paragraph (f) of Rule 19b-4⁹ 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 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-2018-004 on the subject line.

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f).

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-2018-004. 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. 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-2018-004 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.¹⁰

Eduardo A. Aleman
Assistant Secretary

¹⁰ 17 CFR 200.30-3(a)(12).