

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-83226; File No. SR-CBOE-2018-035)

May 14, 2018

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Silexx Trading Platform Fees Schedule

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 May 1, 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 amend the Silexx trading platform (“Silexx” or the platform”) Fees Schedule.

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 proposed rule change. The text of these statements may be examined at the places specified in

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 include language within the Silexx Fees Schedule to: (1) clarify that the purchase of Login IDs is subject to proration; and (2) introduce a two-month free upgrade for users on Silexx Basic to Silexx Pro. Today, the Exchange does not prorate the pricing for Login IDs or offer free upgrades on Silexx.

By way of background, Silexx is an order entry and management trading platform for listed stocks and options that support both simple and complex orders.³ The platform is a software application that is installed locally on a user's desktop. It 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 also 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). Use of Silexx is completely optional.

³ 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.

Login IDs

Login IDs may be purchased for different versions of the platform, including Basic, Pro, Sell-Side, Pro Plus Risk, and Buy-Side Manager. The Exchange previously filed to establish set monthly fees for each version of the platform.⁴ The Exchange now proposes to clarify that fees related to the purchase of Login IDs are prorated. Specifically, if a user signs up for a Login ID on any version of the platform after the first calendar day of the month, the fee for that calendar month is prorated based on the remaining calendar days in that calendar month. This proration does not apply if a user cancels a Login ID prior to the end of the calendar month.

Two-Month Free Upgrade

Silexx Basic is an order-entry and management system that provides basic functionality including real-time data, alerts, trade reports, views of exchange books, management of the customer's orders and positions, simple and complex order tickets, and basic risk features. Users are currently charged \$200 per month per Login ID for Silexx Basic. Silexx Pro offers the same functionality as the basic platform plus additional features including an algorithmic order ticket, position analysis, charting, earnings and dividend information, delta hedging tools, volatility skews, and additional risk features. Users are currently charged \$400 per month per Login ID for Silexx Pro.

The Exchange proposes to introduce a two-month free-upgrade period for users that are currently on Silexx Basic. This upgrade would allow users of Silexx Basic to use the functionality of Silexx Pro for a period of two months (May 1, 2018 through June 30, 2018) at the current Silexx Basic rate of \$200 per month per Login ID. After the two-month period ends,

⁴ See Securities Exchange Act Release No. 82088 (November 15, 2017), 82 FR 55443 (November 21, 2017) (SR-CBOE-2017-068)

beginning July 1, 2018, those users will be charged at the Silexx Pro rate of \$400 per month until they choose to downgrade. The Exchange notes that the upgrade to Silexx Pro is optional.

These proposed changes to the Silexx Fees Schedule are to take effect on May 1, 2018.

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 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.

First, the Exchange believes the proposed change related to Login IDs provides for the equitable allocation of reasonable fees because the prorated Login ID fees will apply to all users of each version of the platform. Additionally, the Exchange believes the proposed change will provide for a more precise assessment of platform fees based on when a user signs up for a Login

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

⁷ 15 U.S.C. 78f(b)(4).

ID. Second, the Exchange believes the proposed change related to the free upgrade to Silexx Pro is reasonable, equitable, and not unfairly discriminatory because the free upgrade will apply to all current users of Silexx Basic who wish to upgrade. Additionally, the free upgrade period will be limited to two months beginning on May 1, 2018 and ending on June 30, 2018. Finally, the Exchange notes that use of the platform, including the upgrade, is discretionary and not compulsory, and users may downgrade or cancel their Login IDs with Silexx at any time.

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. The Exchange believes that the proposed rule change will not impose any burden on intramarket competition because the proposed rule changes apply to all users of Silexx. The Exchange notes that each version of Silexx is available to all market participants, and users have discretion to determine which version of the platform they register for based on functionality.

The Exchange does not believe that the proposed rule changes will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed change applies only to Cboe Options. To the extent that the proposed changes make Cboe Options a more attractive marketplace for market participants at other exchanges, such market participants are welcome to become Cboe Options market participants.

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-2018-035 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-2018-035. 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

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f).

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-2018-035, 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

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Assistant Secretary

¹⁰ 17 CFR 200.30-3(a)(12).