

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 Act¹⁶ and paragraph (f) of Rule 19b-4 thereunder.¹⁷ 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.

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 email to rule-comments@sec.gov. Please include File Number SR-BatsEDGX-2016-27 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-BatsEDGX-2016-27. This file number should be included on the subject line if email 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 Web site (<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 Web site 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 will also 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-BatsEDGX-2016-27 and should be submitted on or before August 8, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁸

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2016-16848 Filed 7-15-16; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-78292; File No. SR-CBOE-2016-054]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fees Schedule

July 12, 2016.

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 1, 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 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 text of the proposed rule change is available on the Exchange's Web site (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

¹⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 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

On March 21, 2016, the Exchange began offering Asian style settlement and Cliquet style settlement for certain FLEX Broad-Based Index Options ("Exotics").³ In conjunction with the adoption of FLEX Broad-Based Index Options with Asian or Cliquet style settlement, the Exchange adopted an Exotic Surcharge of \$0.25 to be assessed on all customer ("C" origin code) Exotic contracts executed on CBOE. The Exchange proposes to decrease the Exotic Surcharge of \$0.25 to \$0.03 for all customer XSP Exotic contracts executed on CBOE. Particularly, the Exchange notes that XSP options have $\frac{1}{10}$ the value of S&P 500 Index ("SPX") options. As XSP has a smaller exercise and assignment value due to the reduced number of shares they deliver as compared to standard SPX option contracts, the Exchange is proposing a lower per contract Exotic Surcharge.

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.⁴ Specifically, the Exchange believes the proposed rule change is consistent with the Section

³ In general, Asian style settlement provides for payout based on the average of prices of a broad-based index on pre-determined dates over a specified time period, and Cliquet style settlement provides for a payout that is the greater of \$0 or the (positive) sum of "capped" monthly returns of a broad-based index on pre-determined dates over a specified period of time. These settlement types are also referred to as "Exotics" due to their untraditional nature.

⁴ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78s(b)(3)(A).

¹⁷ 17 CFR 240.19b-4(f).

6(b)(5)⁵ 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,⁶ 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.

The Exchange believes that reducing the Exotic Surcharge of \$0.25 per contract to \$0.03 per contract for Exotic customer XSP options is reasonable because customers will pay lower fees for such transactions. The Exchange believes that it is reasonable, equitable and not unfairly discriminatory to reduce the Exotic Surcharge for XSP options only because XSP options are $\frac{1}{10}$ the size of standard options and as such the Exchange believes it's reasonable to assess a lower surcharge. Further, the Exchange notes that the proposed Exotic Surcharge of \$0.03 per contract for Exotic XSP options, is only slightly more than $\frac{1}{10}$ of the \$0.25 amount assessed as the Exotic Surcharge for standard sized classes. The proposed change is also equitable and not unfairly discriminatory because it is designed to attract greater customer order flow in XSP Exotic options to the Exchange, which would bring greater liquidity to the market, thereby benefiting all market participants.

The Exchange also believes that it is equitable and not unfairly discriminatory to assess the Exotic Surcharge to customers and not other market participants because customers are not subject to additional costs for effecting transactions in FLEX Broad-Based Index options that are applicable to other market participants, such as license surcharges. Additionally, customers are not subject to fees for effecting transactions in general that are applicable to other market participants, such as connectivity fees and fees relating to Trading Permits, and are not subject to the same obligations as other market participants, including

regulatory and compliance requirements and quoting obligations.

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

The Exchange does not believe that the proposed rule changes will impose any burdens on competition that are not necessary or appropriate in furtherance of the purposes of the Act. The 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 while the Exotic Surcharge is assessed only to customer orders, lower fees for customers is commonplace within the options marketplace for the reasons discussed above. Further, to the extent that any change in intramarket competition may result from the proposed change, such change is justifiable and offset because the proposed change is designed to attract greater customer order flow in XSP Exotic options and because the Exchange does not wish to assess the same per contract surcharge on a class that is $\frac{1}{10}$ the size of standard options. The Exchange does not believe that the proposed change will cause any unnecessary burden on intermarket competition because the proposed change only affects trading on CBOE. To the extent that the proposed changes make CBOE a more attractive marketplace for market participants at other exchanges, such market participants are welcome to become CBOE 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 Act⁷ and paragraph (f) of Rule 19b-4⁸ 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 email to rule-comments@sec.gov. Please include File Number SR-CBOE-2016-054 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-2016-054. This file number should be included on the subject line if email 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 Web site (<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 Web site viewing and printing in the Commission's 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; 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-2016-054, and should be submitted on or before August 8, 2016.

⁵ 15 U.S.C. 78f(b)(5).

⁶ 15 U.S.C. 78f(b)(4).

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁹

Robert W. Errett,
Deputy Secretary.

[FR Doc. 2016-16852 Filed 7-15-16; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-78293; File No. SR-CBOE-2016-047]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Approving a Proposed Rule Change Relating to Senior Management Authority

July 12, 2016.

I. Introduction

On May 23, 2016, Chicago Board Options Exchange, Incorporated (“CBOE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) ¹ and Rule 19b-4 thereunder,² a proposed rule change to amend its Bylaws and Rules with respect to delegations of certain authorities to senior management. The proposed rule change was published for comment in the **Federal Register** on June 7, 2016.³ The Commission received no comments on the proposal. This order approves the proposed rule change.

II. Description of the Proposed Rule Change⁴

The Exchange proposes to update references to senior management contained in its Bylaws and Rules to more accurately reflect roles and responsibilities within its current senior management structure. The Exchange notes that historically the CBOE Chairman of the Board also held the title of Chief Executive Officer (“CEO”). Currently, however, the titles of Chairman of Board, CEO, and President are held by three different individuals. As such, the Exchange proposes to amend its rules relating to authorities delegated to senior management to more accurately reflect the current senior management structure.

A. References to Chairman of the Board

First, the Exchange proposes to amend Rule 2.15 (Divisions of Exchange), Rule 4.10 (Other Restrictions on Trading Permit Holders), Rule 6.17 (Authority to Take Action Under Emergency Conditions), Rule 10.2 (Contracts of Suspended Trading Permit Holders), and Rule 16.1 (Imposition of Suspension) to eliminate references to “Chairman of the Board” and replace those references with “Chief Executive Officer.”⁵ The Exchange notes that the CEO’s responsibility is that of general charge and supervision of the business of the Corporation, whereas the Chairman of the Board’s responsibility is that of the presiding officer at all meetings of the Board and stockholders, as well as of other powers and duties as are delegated by the Board.⁶ The Exchange believes the responsibilities currently delegated to the Chairman of the Board under Rules 2.15, 4.10, 6.17, 10.2 and 16.1 pertain to the general charge and supervision of the Exchange’s business and therefore fall within the scope of the CEO’s stated responsibilities, instead of the Chairman of the Board’s.⁷

B. Office of the Chairman

Second, the Exchange proposes to eliminate the term “Office of the Chairman” (“OOC”) in Rule 4.10 (Other Restrictions on Trading Permit Holders) and Rule 18.31 (Awards) and replace these references with “Chief Executive Officer or President.”⁸ The Exchange notes that historically, the OOC was considered to be the management committee of the Exchange and consisted of the Chairman of the Board (who at the time was also the CEO), the Vice-Chairman (which role no longer exists) and the President.⁹ As the Exchange’s senior management structure has since changed, the Exchange proposes to eliminate the references to the OOC in its rules. In its place, the Exchange proposes that the powers and responsibilities delegated to the OOC as a whole will now be delegated to either the CEO or the President. The Exchange believes the authorities delegated in Rules 4.10 and 18.31 fall more squarely within the scope of the CEO’s or President’s roles and responsibilities.¹⁰

Third, the Exchange proposes to eliminate the reference to the OOC in

Section 6.1 (Advisory Board) of the Exchange’s Bylaws and replace it with a reference to “management.”¹¹ Section 6.1 currently provides that the Board will establish an Advisory Board which shall advise the Board and the Office of the Chairman regarding matters of interest to Trading Permit Holders (“TPHs”). The Exchange notes that the Advisory Board’s Charter provides that the Advisory Board shall advise the Board and “management” regarding matters of interest to TPHs.¹² In order to conform the language in Section 6.1 to the Advisory Board Charter, the Exchange proposes to replace the reference to the OOC with management.¹³

C. Designee of the President

Last, the Exchange proposes to amend Rules 4.14 (Liquidation of Positions) and 6.20 (Admission to and Conduct on the Trading Floor; Trading Permit Holder Education) to provide that in addition to the President, a designee of the President may act pursuant to the authorities delegated by those Rules.¹⁴ The Exchange notes that allowing such authorities to also be delegated to a designee of the President provides additional flexibility and certainty that if the President were unavailable, an alternate Exchange official could carry out the designated responsibilities of the President if needed.¹⁵

III. Discussion and Commission Findings

The Commission finds that the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.¹⁶ Specifically, the Commission believes the proposed rule change is consistent with the Section 6(b)(5)¹⁷ 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

¹¹ See *id.*

¹² See *id.*

¹³ See *id.* Additionally, the title of the Bylaws will be changed to Seventh Amended and Restated Bylaws of CBOE. See *id.*

¹⁴ See *id.*

¹⁵ See Notice, *supra* note 3, at 36645.

¹⁶ 15 U.S.C. 78f(b).

¹⁷ 15 U.S.C. 78f(b)(5).

⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 77962 (June 1, 2016), 81 FR 36641 (June 7, 2016) (“Notice”).

⁴ A more detailed description of the proposed rule change appears in the Notice. See *id.*

⁵ See Notice, *supra* note 3, at 36644.

⁶ See *id.*; see also Sections 3.6 and 5.2 of the CBOE Bylaws.

⁷ See Notice, *supra* note 3, at 36644.

⁸ See *id.*

⁹ See *id.*

¹⁰ See *id.*