SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–82102; File No. SR–CBOE–2017–070]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of a Proposed Rule Change Relating to Rule 6.56

November 16, 2017.

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 November 3, 2017, Cboe Exchange, Inc. (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 Exchange seeks to amend Rule 6.56. 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.

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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Rule 6.56 (Compression Forums) to: (1) Modify the compression-list positions file to include positions with multiple legs; (2) provide for the creation of a new multi-leg-position file; and (3) modify the time by which TPHs must provide compression-list positions. This proposal is intended to make it easier for TPHs to efficiently close positions in series of SPX options at the end of each calendar month in order to mitigate the effects of capital constraints on market participants and help ensure continued depth of liquidity in the SPX options market.

Modifications to the Compression-List Position File

Under current Rule 6.56, on the final three business days of each calendar month, the Exchange holds compression forums in the SPX trading crowd. Beforehand, in order to facilitate TPHs finding counterparty offsets against which they can trade closing positions, TPHs may submit lists of existing SPX positions to the Exchange that they wish to close during a compression forum (''compression-list positions''). Prior to the open of trading on the third-to-last business day of each calendar month (*i.e.* the first day of the month on which a compression forum is held), the Exchange makes available to all TPHs on its Web site a list including each series for which both long and short compression-list positions have been submitted to the Exchange (''compression-list positions file''). In addition, TPHs that submit compression-list positions to the Exchange receive a compression-list positions file containing the names of the TPHs that contributed to the file (and did not opt out of being identified as contributors), including contact information for each TPH's designated point of contact. The Exchange then holds open outcry ''compression forums'' in which all TPHs may participate, whether or not they submitted positions for inclusion in the compression-list position file.

The Exchange proposes to amend Rule 6.56 to enhance the effectiveness and utility of its compression forums process for market participants. Specifically, the Exchange seeks to modify the compression-list positions file to include positions with multiple legs. For example, the Exchange proposes to group compression-list positions into common multi-leg options strategies and include the multi-leg positions in the compression-list position file. Specifically, the Exchange proposes to use the list of individual series to create a list of all possible vertical call spreads,[3] vertical put spreads,[4] and box spreads [5] (common multi-leg options strategies). The box spreads will be derived from the aforementioned call and put spreads where there is both a long and short position (*i.e.,* offsetting interest). The Exchange emphasizes the fact that the Exchange is proposing to compile a list of all possible vertical call spreads, vertical put spreads, and box spreads. The Exchange is proposing to specify in proposed Interpretation and Policy .01 to Rule 6.56 that for purposes of Rule 6.56 multi-leg positions will include vertical call spreads, vertical put spreads, and box spreads. Files generated by the Exchange pursuant to Rule 6.56 are provided to TPHs for informational purposes only. Individual TPHs determine whether to submit compression-list positions; whether to participate in the compression forum process; and whether to represent orders on the trading floor. The Exchange's provision of the list does not constitute advice, guidance, a commitment to trade, an execution, or a recommendation to trade.

Example #1

- TPH A submits the following positions to the Exchange:

Expiration	Call/put	Strike	Size	Long/short
12/21/2017	C	2400	50	Long.
12/21/2017	C	2700	50	Short.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] A vertical call spread involves the purchasing and selling of an equal number of call options with the same expiration date but different strike prices. For example, buying 100 DEC 2040 calls and selling 100 DEC 2070 calls.

[4] A vertical put spread involves the purchasing and selling of an equal number of put options with the same expiration date but different strike prices. For example, buying 100 DEC 2040 puts and selling 100 DEC 2070 puts.

[5] A box spread involves purchasing (selling) a bull call spread and purchasing (selling) a bear put spread. In other words, a box spread is composed of a long (short) call and short (long) put position at one strike price and a short (long) call and long (short) put position at another strike price. For example, a box spread would be entered by purchasing 100 DEC 2040 calls and selling 100 DEC 2070 calls (*i.e.,* bull call spread) and selling 100 DEC 2040 puts and purchasing 100 DEC 2070 puts (*i.e.,* bear put spread).

• TPH B submits the following positions to the Exchange:

Expiration	Call/put	Strike	Size	Long/short
12/15/2017	C	2400	50	Short.
12/15/2017	C	2700	50	Long.

• The Exchange will not identify any multi-leg positions with offsetting interest because the expiration dates of TPH A's positions do not match the expiration dates of TPH B's positions.

Example #2

• TPH A submits the following positions to the Exchange:

Expiration	Call/put	Strike	Size	Long/short
12/21/2017	C	2400	50	Long.
12/21/2017	C	2700	100	Short.

• TPH B submits the following positions to the Exchange:

Expiration	Call/put	Strike	Size	Long/short
12/21/2017	C	2400	50	Short.
12/21/2017	C	2700	100	Long.

• The Exchange will identify a vertical call spread because the expiration dates of TPH A's positions and TPH B's position match to create a vertical call spread with two parties (TPH A and B) that have opposite positions (*i.e.,* the parties have offsetting interest). However, a vertical call spread requires the purchase and sale of the same number of options contracts; thus, even though there are 100 of the 2700 calls in Example #2 the Exchange will identify a vertical call spread with total possible offsetting interest of 50 contracts.

• In this example, the compression-list position file distributed to all TPHs would include the following information (not necessarily representative of the exact format) for both single series positions (*i.e.,* information currently provided in the compression-list position file) and the multi-leg positions:

• Single series positions with the size of possible offsetting interest:

Expiration	Call/put	Strike	Possible
12/21/2017	C	2400	50
12/21/2017	C	2700	100

• Call spread positions with the size of possible offsetting interest:

Expiration	Strike 1	Strike 2	Possible
12/21/2017	2400	2700	50

Example #3

• If in Example #2 the positions were puts instead of calls, the compression-list position file distributed to all TPHs would include the following information (not necessarily representative of the exact format) for both single series positions (*i.e.,* information currently provided in the compression-list position file) and the multi-leg positions:

• Single series positions with size of possible offsetting interest:

Expiration	Call/put	Strike	Possible
12/21/2017	P	2400	50
12/21/2017	P	2700	100

• Put spread positions with the size of possible offsetting interest:

Expiration	Strike 1	Strike 2	Possible
12/21/2017	2400	2700	50

Example #4

• TPH A submits the following positions to the Exchange:

Expiration	Call/put	Strike	Size	Long/short
12/21/2017	C	2400	50	Long.
12/21/2017	C	2700	100	Short.
12/21/2017	P	2400	50	Short.
12/21/2017	P	2700	100	Long.

• TPH B submits the following positions to the Exchange:

Expiration	Call/put	Strike	Size	Long/short
12/21/2017	C	2400	50	Short.
12/21/2017	C	2700	100	Long.
12/21/2017	P	2400	50	Long.
12/21/2017	P	2700	100	Short.

• The Exchange will identify a vertical call spread (2400 calls and 2700 calls) and a vertical put spread (2400 puts and 2700 puts). Again, each vertical call spread and each vertical put spread requires the purchase and sale of the same number of options contracts; thus, even though the 2700 calls and puts have 100 contracts, the Exchange will identify a vertical call spread with total possible offsetting interest of 50 contracts and a vertical put spread with total possible offsetting interest of 50 contracts.

• In addition to the vertical call spreads and vertical put spreads, the Exchange will also identify a box spread. TPH A's position is a box spread (long 2400 calls, short 2400 puts, short 2700 calls, and long 2700 puts) that is potentially offset by TPH B's position (short 2400 calls, long 2400 puts, long 2700 calls, and short 2700 puts), which represents an opposite interest box spread. Again, as with vertical call spreads and vertical put spreads, the total possible offsetting interest is limited to 50 contracts.

• In this example, the compression-list position file distributed to all TPHs would include the following information (not necessarily representative of the exact format) for both single series positions (*i.e.,* information currently provided in the compression-list position file) and the multi-leg positions:

• Single series positions with the size of possible offsetting interest:

Expiration	Call/put	Strike	Possible
12/21/2017	C	2400	50
12/21/2017	C	2700	100
12/21/2017	P	2400	50
12/21/2017	P	2700	100

• Call spread positions with the size of possible offsetting interest:

Expiration	Strike 1	Strike 2	Size
12/21/2017	2400	2700	50

• Put spread positions with the size of possible offsetting interest:

Expiration	Strike 1	Strike 2	Size
12/21/2017	2400	2700	50

• Box spread positions with the size of possible offsetting interest:

Expiration	Strike 1	Strike 2	Size
12/21/2017	2400	2700	50

As previously noted a box spread is composed of a long (short) call and short (long) put position at one strike price and a short (long) call and long (short) put position at another strike price. In Example #4 above, identifying the two strike prices of a box spread necessarily means that there is a TPH that is long the 2400 call, short the 2400 put, short the 2700 call, and long the 2700 put and at least one other TPH has the opposite position (*i.e.,* short the 2400 call, long the 2400 put, long the 2700 call, and short the 2700 put).

As demonstrated above, in addition to providing the offsetting interest for each individual series the Exchange is proposing to add additional information to the compression-list positions file related to multi-leg positions (*i.e.,* the aforementioned vertical call spreads, vertical put spreads, and box spreads). Currently, only a fraction of the two-sided interest available to be offset is actually being offset. This is due, in part, to the compression-list position file containing only the offsetting interest for each individual series. TPHs currently seeking to close such single series positions must then execute each series individually or attempt to identify multi-leg positions comprised of individual series. Closing positions on an individual series basis is less advantageous because closing a single series may change a TPHs risk profile. Closing multi-leg positions is advantageous because such positions can be risk neutral, which means the closing of the entire multi-leg position has little or no impact on a TPHs risk profile. However, in the current compression forum framework TPHs seeking to close multi-leg positions must undertake a burdensome process of divulging their individual positions in an attempt to identify multi-leg positions that have offsetting interest. The process is time-consuming, inefficient, and devoid of the anonymity TPHs desire, making the use of multi-leg orders to close positions difficult and ineffective. The Exchange believes that providing TPHs with a way to identify multi-leg positions with offsetting interest will enable efficient closing of such positions.

Example #5

- In addition to the positions submitted by TPH A in Example #4 TPH A also submits the below position:

Expiration	Call/put	Strike	Size	Long/short
12/21/2017	C	2800	0	Short.

- In addition to the positions submitted by TPH B in Example #4 TPH B also submits the below position:

Expiration	Call/put	Strike 2	Size	Long/short
12/21/2017	C	2800	50	Long.

- The Exchange will use the 2400 calls multiple times to identify all possible combinations of vertical call spreads, vertical put spreads, and boxes. In this example, the 2400 calls can be used multiple times to create multiple possible vertical call spreads, thus, the following information (not necessarily representative of the exact format) for both single series positions (*i.e.,* information currently provided in the compression-list position file) and the multi-leg positions:
- Call spread positions with the size of possible offsetting interest:

Expiration	Strike 1	Strike 2	Size
12/21/2017	2400	2700	50
12/21/2017	2400	2800	* 50

* Additional position identified due to the 2800 calls.

- Put spread positions with the size of possible offsetting interest:

Expiration	Strike 1	Strike 2	Size
12/21/2017	2400	2700	50

- Box spread positions with the size of possible offsetting interest:

Expiration	Strike 1	Strike 2	Size
12/21/2017	2400	2700	50

New Individualized Multi-Leg Position File

In order to further encourage TPHs to submit compression-list positions to the Exchange and to allow the Exchange to provide information that will enable TPHs to represent multi-leg positions in compression forums that have offsetting interest and thus more efficiently and effectively close positions via compression forums, the Exchange also seeks to create an additional position file containing individualized multi-leg positions (''multi-leg position file''). Specifically, the Exchange seeks to amend paragraph (a)(4) to Rule 6.56 to provide that in addition to making available to all Trading Permit Holders a compression-list positions file composed of individual series with offsetting interest and multi-leg positions with offsetting interest (as proposed and described above), the Exchange will electronically send an individualized multi-leg positions file to each Trading Permit Holder that submitted compression-list positions to the Exchange pursuant to paragraph (a)(1). Paragraph (a)(4) will also provide that the individualized multi-leg position file will include: A complete list of all possible combinations of offsetting multi-leg positions that are composed of series the individual Trading Permit Holder submitted as part of a compression-list position; a unique identification number for each multi-leg position (''PID'') that will enable the TPH to identify particular multi-leg positions for purposes of proposed paragraph (a)(5), which is discussed below in relation to disclosing the identities of TPHs; the series that make up the multi-leg position; and the offsetting size of the multi-leg position against other Trading Permit Holders on an individualized and anonymous basis.

Example #6

• TPH A submits the below positions to the Exchange:

Expiration	Call/put	Strike	Size	Long/short
12/21/2017	C	2400	50	Long.
12/21/2017	C	2700	100	Short.
12/21/2017	P	2400	50	Short.
12/21/2017	P	2700	100	Long.

• TPH B submits the below positions to the Exchange:

Expiration	Call/put	Strike	Size	Long/short
12/21/2017	C	2400	50	Short.
12/21/2017	C	2700	100	Long.
12/21/2017	P	2400	50	Long.
12/21/2017	P	2700	100	Short.

• The compression-list position file distributed to all TPHs would include the following information (not necessarily representative of the exact format) for both single series positions (*i.e.,* information currently provided in the compression-list position file) and the multi-leg positions:

• Single series positions with the size of possible offsetting interest:

Expiration	Call/put	Strike	Possible
12/21/2017	C	2400	50
12/21/2017	C	2700	100
12/21/2017	P	2400	50
12/21/2017	P	2700	100

• Call spread positions with the size of possible offsetting interest:

Expiration	Strike 1	Strike 2	Size
12/21/2017	2400	2700	50

• Put spread positions with the size of possible offsetting interest:

Expiration	Strike 1	Strike 2	Size
12/21/2017	2400	2700	50

• Box spread positions with the size of possible offsetting interest:

Expiration	Strike 1	Strike 2	Size
12/21/2017	2400	2700	50

• TPH A's individualized position file would include the following multi-leg position information (not necessarily representative of the exact format):

• Call spread positions with the size of possible offsetting interest:

PID	Expiration	Strike 1	Strike 2	Size
1	12/21/2017	2400	2700	50

• Put spread positions with the size of possible offsetting interest:

PID	Expiration	Strike 1	Strike 2	Size
2	12/21/2017	2400	2700	50

• Box spread positions with the size of possible offsetting interest:

PID	Expiration	Strike 1	Strike 2	Size
3	12/21/2017	2400	2700	50

• TPH B's individualized position file would include the following multi-leg position information (not necessarily representative of the exact format):

• Call spread positions with the size of possible offsetting interest:

PID	Expiration	Strike 1	Strike 2	Size
1	12/21/2017	2400	2700	50

• Put spread positions with the size of possible offsetting interest:

PID	Expiration	Strike 1	Strike 2	Size
2	12/21/2017	2400	2700	50

• Box spread positions with the size of possible offsetting interest:

PID	Expiration	Strike 1	Strike 2	Size
3	12/21/2017	2400	2700	50

Example #7

• In addition to TPH A and TPH B's positions in Example #6, TPH C submits the below position:

Expiration	Call/put	Strike	Size	Long/short
12/21/2017	C	2400	50	Short.
12/21/2017	C	2700	100	Long.

• TPH B's individualized position file noted in Example #6 would remain the same because TPH A still remains the only contra-party with offsetting interest.

• The Exchange will use TPH A's positions multiple times to identify all possible contra-parties with offsetting interest. In this example, TPH A's 2400/2700 vertical call spread has multiple possible contra-parties. Thus, TPH A's individualized position file would include the following multi-leg position information (not necessarily representative of the exact format):

• Call spread positions with the size of possible offsetting interest:

PID	Expiration	Strike 1	Strike 2	Size
1	12/21/2017	2400	2700	50
4	12/21/2017	2400	2700	* 50

* Additional position identified due to the additional contra-party.

• Put spread positions with the size of possible offsetting interest:

PID	Expiration	Strike 1	Strike 2	Size
2	12/21/2017	2400	2700	50

• Box spread positions with the size of possible offsetting interest:

PID	Expiration	Strike 1	Strike 2	Size
3	12/21/2017	2400	2700	50

The purpose of grouping individual series into multi-leg positions is to allow TPHs to efficiently and effectively identify multi-leg positions with offsetting interest in order for TPHs to represent multi-leg orders in compression forums. If a TPH does not receive an individualized multi-leg position file from the Exchange the TPH will be less able to efficiently and effectively identify which of their individual series positions can and should be grouped together to be represented in the compression forum. Even a compression-list position file that contains multi-leg positions is not effective without an individualized list because it is an individualized list that will allow a TPH to easily identify their particular multi-leg positions that can be represented in a compression forum in an efficient and effective manner.

The Exchange proposes to condition receipt of individualized multi-leg position files on a TPH's submission of compression-list positions. The Exchange believes the condition will encourage TPHs to submit compression-list positions, which helps to encourage TPHs to close positions via the compression forum.

TPH Identity Disclosures

The Exchange also seeks to add paragraph (a)(5) to give TPHs the opportunity to identify themselves as having a particular multi-leg position. Pursuant to proposed paragraph (a)(5), TPHs will have the opportunity to give the Exchange permission (on a multi-leg position by multi-leg position basis—enabled by the PID unique to each identified multi-leg position) to share the TPH's identity with the contra-party for each multi-leg position and vice versa.

To illustrate, in Example #5 above TPH A has three multi-leg positions that have a potential contra-party with offsetting interest (in this example TPH B). TPH A has the option—for PID #1, PID #2, and/or PID #3—to direct the Exchange to disclose TPH A's identity to the potential contra-party for each particular multi-leg position. If, for example, TPH A instructed the Exchange to disclose their identity to the potential contra-party for PID #3, but not PID #1 or #2, the Exchange would notify TPH B that the potential contra-party for TPH B's PID #3 is willing to disclose their identity to TPH B if TPH B agrees to disclose their identity to the contra-party to PID #3. In short, if TPH A and B mutually agree to disclose their identities to the other party for purposes of PID #3, the Exchange will disclose the information. In the event that TPH B does not want their identity disclosed, the Exchange will not disclose any identifying information to either party.

As noted above, each TPH and contra-party each have to agree to reveal their identity before the Exchange can provide the information to the TPH and contra-party. The Exchange believes providing a process by which individual TPHs with offsetting multi-leg positions may identify each other will enable TPHs utilizing that process to more easily identify potential counterparties during the compression forums, which encourages a more efficient and effective compression forum process. The Exchange notes that TPHs currently have the ability to identify themselves for purposes of the compression-list positions file.[6] Although Rule 6.56(a)(3) does not currently allow the Exchange to disclose a TPH's identity in relation to a specific position listed on the compression-list position file, the restriction was solely designed to alleviate concerns from TPHs that the Exchange's publication of the compression-list position file would publically disclose the individual positions of every TPH submitting compression-list positions. The Exchange is not proposing to modify the restriction in Rule 6.56(a)(3); thus, the compression-list position file that is publically disclosed will not identify any TPH as having a specific position. Rather, the Exchange is proposing to allow TPHs to opt-in to a process that will disclose their identity to the contra-party for a specific multi-leg position, but only if the parties mutually agree to do so for the specific multi-leg position. TPHs can make the commercial decision not to opt-in to the process. The Exchange notes that providing the ability for TPHs to opt-in to the proposed process is similar to the manner in which TPHs have the ability to opt-out of identifying themselves on the compression-list positions file.[7]

[6] *See* Rule 6.56(a)(3).

[7] *See* Rule 6.56(a)(3), which provides, in part, that ''the Exchange will electronically send the compression-list positions file to the Trading Permit Holders that submitted compression-list positions to the Exchange pursuant to paragraph (a)(1), including a list of those Trading Permit Holders that contributed to the compression-list positions file. The list will not include the name of any Trading Permit Holder that requests its name be excluded from this list.''

The Exchange also proposes to determine the deadlines by which TPHs must grant the Exchange permission to disclose their identities with regards to specific multi-leg positions. The deadlines are necessary to allow the Exchange to begin and complete the notification process.

Importantly, the Exchange is unaware of any regulatory restriction that would prevent TPHs from publically disclosing their entire position book in an effort to find potential counterparties with offsetting interest. In fact, TPHs can and do share position level information today. It is standard practice for TPHs to request quotes, seek indications of interest, and solicit parties to trade (via the trading crowd, electronic messaging systems, telephone, etc.) when seeking liquidity for a particular position. The Exchange's role and the design of Rule 6.56 (*e.g.,* providing TPHs the option to opt-in to the information sharing process or even submit compression-list positions to the Exchange in the first instance) helps to alleviate the commercial concerns of TPHs, which helps to encourage TPH participation in compression forums and ultimately the closing of open positions. Furthermore, the proposal has no effect on the manner in which TPHs will represent orders on the trading floor. The position level information will simply allow TPHs to more effectively and efficiently identify other TPHs on the trading floor that have a particular offsetting position. TPHs must represent orders on the trading floor, and TPHs that do not submit compression-list positions have the opportunity to respond to the orders represented on the trading floor, including orders represented in compression forums.

The Exchange notes that all transactions must be effected in accordance with applicable trading rules, must be subject to risk of the market, and must be reported for dissemination. In addition, TPHs are reminded that Section 9(a)(1) of the Act provides in relevant part that it shall be unlawful for any member of a national securities exchange, for the purpose of creating a false or misleading appearance of active trading in any security registered on a national securities exchange or a false or misleading appearance with respect to the market for any such security, (A) to effect any transaction in such security which involves no change in the beneficial ownership thereof, or (B) to enter an order or orders for the purchase of such security with the knowledge that an order or orders substantially the same size, at substantially the same time, and at substantially the same price, for the sale of any such security, has been or will be entered by or for the same or different parties. Furthermore, under the Exchange's policy concerning prearranged trading, TPHs are cautioned that any purchase or sale, transaction or series of transactions, coupled with an agreement, arrangement or understanding, directly or indirectly to reverse such transaction which is not done for a legitimate economic purpose or without subjecting the transactions to market risk, violates Exchange Rules and may be inconsistent with various provisions of the Act and rules thereunder.[8]

TPHs receiving individualized multi-leg position lists will still be required to represent orders on the trading floor in accordance with existing trading rules and thereby expose orders to the risk of the market. The Exchange notes that the provision in Rule 6.56(c) is not intended as an absolute safe harbor from prearranged trading prohibitions, but is instead intended to provide that transacting through a compression forum (consistent with open outcry transactions generally) will not be deemed to be prearranged trading provided that the transaction is otherwise executed in accordance with Exchange Rules, including the policy concerning prearranged trading.

Deadline To Submit Compression-List Positions

Paragraph (a)(1) of Rule 6.56 currently provides that prior to the close of Regular Trading Hours (*i.e.,* 3:15 p.m. Chicago time) on the fourth to last business day of each calendar month, a Trading Permit Holder may provide the Exchange with a list of open SPX options positions that it would like to close through the compression forum for that calendar month (''compression-list positions''). The Exchange is proposing to extend the deadline to 4:30 p.m. Chicago time. TPHs have missed the 3:15 p.m. cutoff in the past, and the Exchange believes expanding the deadline to 4:30 p.m. Chicago time will give TPHs the time necessary after the end of the trading day to submit compression-list positions to the Exchange.

2. Statutory Basis

The Exchange believes 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.[9] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) [10] 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, settlpreing [sic], 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) [11] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that its proposal is consistent with the Act in that it seeks to foster liquidity in the SPX options market in light of the bank regulatory capital requirements. The Exchange believes bank regulatory capital requirements could potentially limit the amount of capital clearing TPHs can allocate to their clients' transactions, which in turn, may impact liquidity, particularly in the SPX market. The Exchange believes the proposal encourages TPHs to close positions via the compression process by providing information regarding multi-leg positions that will enable TPHs to more efficiently and effectively close positions via the compression forums, which, in general, helps to protect investors and the public interest because closing positions via the compression process serves to alleviate the adverse impact of bank capital requirements.

In addition, the proposed rule change is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers because the compression forum process is open to all TPHs and completely voluntary. Individual TPHs determine whether to submit compression-list positions; whether to participate in the compression forum process; and whether to represent orders on the trading floor. The Exchange's provision of the list does not constitute advice, guidance, a commitment to trade, an execution, or a recommendation to trade. Rather, files generated by the Exchange pursuant to Rule 6.56 are provided to TPHs for informational purposes only. Aiding TPHs efforts to identify offsetting multi-leg positions helps TPHs close positions and thereby

[8] *See* Cboe Regulatory Circular RG17–085.

[9] 15 U.S.C. 78f(b).

[10] 15 U.S.C. 78f(b)(5).

[11] *Id.*

helps mitigate the effects of bank capital requirements. Mitigating the effects of bank capital requirements helps to promote continued liquidity provision by the market-making community, which serves to protect investors and the public interest by helping to ensure liquidity continues to be available to investors. Each individualized multi-leg position file will be customized only in that each individualized list will be unique to the positions submitted by the individual TPH. In short, each individual multi-leg position list may contain different information because each individual TPH's positions are different. The individual multi-leg position lists will not be different based on any of the Exchange's processes. The Exchange is not raking positions but is instead compiling lists of all possible combinations of multi-leg positions (defined as vertical call spread, vertical put spreads, and boxes), and as previously noted, the Exchange's provision of the list does not constitute advice, guidance, a commitment to trade, an execution, or a recommendation to trade. Again, the multi-leg position files are provided to TPHs for informational purposes only. Finally, TPHs are not required to participate in the compression forum process. To the extent TPHs participate, compression forums are conducted in a non-discriminatory manner, which is also consistent with the Act. Furthermore, this proposed rule change does not amend rules related to open outcry trading, prearranged trading, solicitation orders, etc. The manner in which orders must be represented on the trading floor is unaffected by this proposed rule change.

Importantly, the Exchange is unaware of any regulatory restriction that would prevent TPHs from publically disclosing their entire position book in an effort to find potential counterparties with offsetting interest. In fact, TPHs can and do share position level information today. It is standard practice for TPHs to request quotes, seek indications of interest, and solicit parties to trade (via the trading crowd, electronic messaging systems, telephone, etc.) when seeking liquidity for a particular position. The Exchange's role and the design of Rule 6.56 (*e.g.,* providing TPHs the option to opt-in to the information sharing process or even submit compression-list positions to the Exchange in the first instance) helps to alleviate the commercial concerns of TPHs, which helps to encourage TPH participation in compression forums and ultimately the closing of open positions. Furthermore, the proposal has no effect on the manner in which TPHs will represent orders on the trading floor. The position level information will simply allow TPHs to more effectively and efficiently identify other TPHs on the trading floor that have a particular offsetting position. TPHs must represent orders on the trading floor, and TPHs that do not submit compression-list positions have the opportunity to respond to the orders represented on the trading floor, including orders represented in compression forums.

The Exchange notes that all transactions must be effected in accordance with applicable trading rules, must be subject to risk of the market, and must be reported for dissemination. In addition, TPHs are reminded that Section 9(a)(1) of the Act provides in relevant part that it shall be unlawful for any member of a national securities exchange, for the purpose of creating a false or misleading appearance of active trading in any security registered on a national securities exchange or a false or misleading appearance with respect to the market for any such security, (A) to effect any transaction in such security which involves no change in the beneficial ownership thereof, or (B) to enter an order or orders for the purchase of such security with the knowledge that an order or orders substantially the same size, at substantially the same time, and at substantially the same price, for the sale of any such security, has been or will be entered by or for the same or different parties. Furthermore, under the Exchange's policy concerning prearranged trading, TPHs are cautioned that any purchase or sale, transaction or series of transactions, coupled with an agreement, arrangement or understanding, directly or indirectly to reverse such transaction which is not done for a legitimate economic purpose or without subjecting the transactions to market risk, violates Exchange Rules and may be inconsistent with various provisions of the Act and rules thereunder.[12]

TPHs receiving individualized multi-leg position lists will still be required to represent orders on the trading floor in accordance with existing trading rules and thereby expose orders to the risk of the market. The Exchange notes that the provision in Rule 6.56(c) is not intended as an absolute safe harbor from prearranged trading prohibitions, but is instead intended to provide that transacting through a compression forum (consistent with open outcry transactions generally) will not be deemed to be prearranged trading provided that the transaction is otherwise executed in accordance with Exchange Rules, including the policy concerning prearranged trading.

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 proposed change would encourage the closing of positions, which, once closed, may serve to alleviate the capital requirement constraints on TPHs and improve overall market liquidity by freeing capital currently tied up in certain SPX positions. 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 rule change applies only to the trading of SPX options, which are exclusively-listed on Cboe. To the extent that the proposed changes make the Exchange a more attractive marketplace for market participants at other exchanges, such market participants are eligible to participant through Cboe TPHs. Furthermore, participation in compression forums is completely voluntary and open to all TPHs. Lastly, sharing of position level information is also completely voluntary.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

A. By order approve or disapprove such proposed rule change, or

B. institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing,

[12] *See* Cboe Regulatory Circular RG17–085.

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–2017–070 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–2017–070. 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 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–2017–070 and should be submitted on or before December 13, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[13]

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2017–25233 Filed 11–21–17; 8:45 am]

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[13] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–82095; File No. SR–NYSEAMER–2017–31]

Self-Regulatory Organizations; NYSE American LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule 903 (Series of Options Open for Trading)

November 16, 2017.

Pursuant to Section 19(b)(1)[1] of the Securities Exchange Act of 1934 (''Act'')[2] and Rule 19b–4 thereunder,[3] notice is hereby given that on November 2, 2017, NYSE American LLC (''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. 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 Rule 903 (Series of Options Open for Trading). The proposed rule change is available on the Exchange's Web site at *www.nyse.com*, at the principal office of the Exchange, 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 self-regulatory organization 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 those 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 parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the filing is to amend Commentary .05 to Rule 903 to modify the strike price intervals for certain Exchange Traded Funds (each an ''ETF''). Specifically, the Exchange proposes to modify the interval setting regime for options on SPDR® S&P 500® ETF (''SPY''), iShares Core S&P 500 ETF (''IVV''), and the SPDR® Dow Jones® Industrial Average ETF (''DIA'') to allow the Exchange to initiate $1 or greater strike price intervals above $200. Through this filing, the Exchange intends to make SPY, IVV, and DIA options more tailored and easier for investors and traders to use, which is consistent with the rules of other options exchanges.[4]

Currently, the S&P 500 Index is above 2000.[5] The S&P 500 Index is widely regarded as the best single gauge of large cap U.S. equities and is widely quoted as an indicator of stock prices and investor confidence in the securities market. As a result, individual investors often use S&P 500 Index-related products to diversify their portfolios and benefit from market trends. Accordingly, the Exchange believes that offering a wide range of S&P 500 Index-based options affords traders and investors important hedging and trading opportunities. SPY and IVV are identical in all material respects and are designed to track the performance of the S&P 500 Index. Shares of SPY and IVV are currently priced around 1/10th the value of S&P 500 Index. The Dow Jones Industrial Average (''DJIA'') is currently above 20,000 and is one of the most widely followed market indices.[6] Shares of DIA are currently priced around 1/100th of the DJIA. Accordingly, SPY and IVV strike prices—having a multiplier of $100—reflect a value

[1] 15 U.S.C. 78s(b)(1).

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

[4] *See, e.g.,* Chicago Board of Options Exchange (''CBOE'') Rule 5.5, Interpretation and Policy .08; NASDAQ PHLX LLC (''PHLX'') Rule 1012, Commentary .05. CBOE and PHLX both amended their rules regarding strike setting regimes for SPY and DIA in 2014. *See* Securities Exchange Act Release Nos. 72949 (August 29, 2014) 79 FR 53089 (September 5, 2014) (SR–Phlx–2014–46) and 72990 (September 4, 2014) 79 FR 53799 (September 10, 2014) (SR–CBOE–2014–068). Earlier this year, CBOE and PHLX further modified their rules to include IVV in the same strike setting regime as SPY. *See* Securities Exchange Act Release Nos. 80913 (June 13, 2017), 82 FR 27907 (June 19, 2017) (SR–CBOE–2017–048) and 81246 (July 28, 2017) 82 FR 36020 (August 2, 2017) (SR–Phlx–2017–57). The Exchange is authorized to match (and has matched) strikes in DIA, SPY, and IVV that are listed on other exchanges such as CBOE and PHLX. *See* Rule 903A(b)(vi) (providing that the Exchange ''may list an options series that is listed by another options exchange, provided that at the time such series was listed it was not prohibited under the provisions of the [Options Listing Procedure Plan or OLPP] or the rules of the exchange that initially listed the series''). The proposed rule change would allow the Exchange to initially list strike price intervals of $1 or greater in options on DIA, SPY, or IVV when the strike price is above $200 (regardless of whether other exchanges similarly list such strikes).

[5] On October 30, 2017, the S&P 500 Index closed at 2,572.83.

[6] On October 30, 2017, the DJIA closed at 23,348.74.