

and electronic communication networks (“ECNs”). Competition among trading platforms can be expected to constrain the aggregate return that each platform earns from the sale of its joint products, but different platforms may choose from a range of possible, and equally reasonable, pricing strategies as the means of recovering total costs. For example, some platforms may choose to pay rebates to attract orders, charge relatively low prices for market data products (or provide market data products free of charge), and charge relatively high prices for accessing posted liquidity. Other platforms may choose a strategy of paying lower rebates (or no rebates) to attract orders, setting relatively high prices for market data products, and setting relatively low prices for accessing posted liquidity. In this environment, there is no economic basis for regulating maximum prices for one of the joint products in an industry in which suppliers face competitive constraints with regard to the joint offering.

The Existence of Alternatives. The Exchange is constrained in pricing the BBO, Book Depth and COB Data Feeds by the availability to market participants of alternatives to purchasing these products. The Exchange must consider the extent to which market participants would choose one or more alternatives instead of purchasing the exchange’s data. Other options exchanges can and have produced their own top-of-book, book depth and complex strategies market data products, and thus are sources of potential competition for CDS. For example, as noted above, ISE and PHLX offer market data products that compete with the BBO, Book Depth and COB Data Feeds. The large number of SROs, BDs, and ATSs that currently produce proprietary data or are currently capable of producing it provides further pricing discipline for proprietary data products. Each SRO, ATS, and BD is currently permitted to produce proprietary data products, and many currently do. In addition, the OPRA data feed is a significant competitive alternative to the BBO and last sale data included in the BBO and Book Depth Data Feeds.

The existence of numerous alternatives to the Exchange’s products, including proprietary data from other sources, ensures that the Exchange cannot set unreasonable fees, or fees that are unreasonably discriminatory, when vendors and subscribers can elect these alternatives or choose not to purchase a specific proprietary data product if its cost to purchase is not justified by the returns any particular

vendor or subscriber would achieve through the purchase.

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

The Exchange has neither solicited nor received written 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 Act²⁵ and paragraph (f) of Rule 19b-4²⁶ 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-2018-013 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-2018-013. 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 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-2018-013 and should be submitted on or before March 6, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁷

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82646; File No. SR-CBOE-2018-010]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Delete Obsolete Rules

February 7, 2018.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on January 25, 2018, Cboe Exchange, Inc. (“Exchange” or “Cboe Options”) 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 Exchange. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6)

²⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

²⁵ 15 U.S.C. 78s(b)(3)(A).

²⁶ 17 CFR 240.19b-4(f).

thereunder.⁴ 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 delete Rules that no longer apply to the Exchange and make other nonsubstantive changes to the Rules.

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 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 rule change is to delete Rules that no longer apply to the Exchange and to make other nonsubstantive changes to the Rules.⁵

Deletion of Rules

The Exchange proposes to delete the following rules and chapters from its rulebook:

- **Rule 2.40—Market-Maker Surcharge for Brokerage.** Rule 2.40 operated as a pilot program until March 30, 2000, at which time the program expired (and the Exchange did not request renewal). The Exchange does not impose a surcharge on Market-Maker transactions pursuant to this rule. Any fees and rebates applicable to any

Market-Maker transactions are included in the Cboe Options Fees Schedule.

- **Rule 6.2—Trading Rotations.** Rule 6.2 states the Exchange may use the procedures described in current Rules 6.2, 6.2A, or 6.2B to conduct trading rotations in all options listed on the Exchange. Currently, the Exchange only uses the procedures set forth in current Rule 6.2B (proposed Rule 6.2) to conduct trading rotations, and no longer conducts trading rotations pursuant to current Rule 6.2. Therefore, this provision no longer applies to trading on the Exchange.⁶

- **Rule 6.2A—Rapid Opening System ("ROS").** The Exchange used ROS to open options prior to implementation of the Exchange's Hybrid Trading System, which includes the Hybrid 3.0 Platform. Currently, all options listed on the Exchange trade on its Exchange's Hybrid Trading System. As stated in Rule 6.2A, ROS does not apply to series trading on the Hybrid Trading System, which open on the Cboe Options Hybrid Opening System ("HOSS") (pursuant to current Rule 6.2B (proposed Rule 6.2)). Therefore, Rule 6.2A no longer applies to any options listed for trading on the Exchange.⁷

- **Rules 6.8—RAES Operations and 6.8B—Automatic ORS Order Execution Against Booked Orders.** The Exchange's Retail Automatic Execution System ("RAES") was an automated execution system feature of the Exchange's Order Routing System ("ORS") operated by the Exchange and that provided automated order execution and reporting services for options. RAES and ORS are no longer used, as all options trading on the Exchange currently occurs on the Hybrid Trading System, which includes Exchange's Order Handling System ("OHS"). Therefore, RAES and ORS no longer apply to any

⁶ The proposed rule change makes corresponding changes to the following rules to delete references to trading rotations and the rule proposed to be deleted: Rules 6.6, 6.18, 6.25(b)(1), 6.73(c) (no longer applicable because trading rotations pursuant to current Rule 6.2B (proposed Rule 6.2) are fully electronic), 21.11, 22.11, and 24.13 and Interpretation and Policy .01 (the body of proposed Rule 24.13 states opening rotations will be conducted in accordance with Rule 24.13 or proposed Rule 6.2, so there is no need to include a statement in Rule 24.13, Interpretation and Policy .01 that states proposed Rule 6.2 describes procedures for a trading rotation, as it would be redundant).

⁷ The proposed rule change makes corresponding changes to the following rules to delete references to ROS and the rule proposed to be deleted: Rules 1.1(fff) and (ggg), 6.2, 6.6, 6.18, 6.25(b)(1), 8.60(c)(11) and Interpretation and Policy .02, 22.11, and 24.13. Because the proposed rule change deletes both Rules 6.2 and 6.2A, the proposed rule change also renumbers Rule 6.2B to be Rule 6.2, and makes corresponding changes throughout the Rules, including Rules 6.1A, 6.3A, 6.12, 6.12A, 6.35 [sic] (b)(v)(B)(V), 8.15, 8.85, and 17.50.

options listed for trading on the Exchange.⁸

- **Rule 6.10—LOU System Operations.** The Large Order Utility ("LOU") System was a facility of the Exchange that provided order routing, handling, and execution for eligible options orders routed electronically to the Exchange. The LOU System is no longer used, as all options trading on the Exchange trade on the Hybrid Trading System. Therefore, the LOU System no longer applies to any options listed for trading on the Exchange.

- **Rule 6.13B—Penny Price Improvement.** Pursuant to Rule 6.13B, the Exchange may designate one or more options trading on the Hybrid Trading System in a Penny Price Improvement Program, which allows Trading Permit Holders to provide price improvement beyond the Exchange's disseminated quote for classes not already quoted in penny increments and for which the simple auction liaison system is not in effect. The Exchange currently has not designated, and has no intention to designate, any options for participation in this program. Therefore, this program no longer applies to any options listed for trading on the Exchange.⁹

- **Rule 6.54(a)—Accommodation Liquidation (Cabinet Trades) for Classes Not Trading on the Cboe Options Hybrid System.** Rule 6.54 describes cabinet trading permitted on the Exchange.

⁸ The proposed rule change makes corresponding changes to the following rules to delete references to RAES and ORS, change references from ORS to OHS, and the rules proposed to be deleted: Rules 1.1(fff) and (ggg), 6.3, Interpretation and Policy .05, 6.6(b) and (e) and Interpretation and Policy .01, 6.7(b) (the Hybrid System includes OHS and the book), 6.8C (which the proposed rule change renumbers as 6.8), 6.13(a) and (c), 6.18, 8.7(b)(iii) and Interpretations and Policies .07 (which is being deleted in its entirety, as described below) .11(a) (the Exchange deleted the paragraph letter for current paragraph (b), as it will be the only paragraph in that Interpretation and Policy, as well as the introduction to that paragraph regarding its applicability to classes on the Hybrid System, because all classes are on the Hybrid System), 8.13, 8.16, 8.51(c)(1)(a)(iii), 8.60(c)(7) (the proposed rule change renumbers provisions (8) through (10) as (7) through (9)) and Interpretation and Policy .02, 8.85(a)(ix) (current paragraph (a)(ix) no longer applies, as there are no current Exchange sponsored automated programs that require a market participant's participation, and the proposed rule change renumbers subparagraphs (x) and (xi) as (ix) and (x), and deletes from current subparagraph (x) (proposed subparagraph (xi) the introduction to that paragraph regarding its applicability to classes on the Hybrid System, because all classes are on the Hybrid System), 23.7, 24.15, 24.17, 24.21(j)(1), and 24B.15.

⁹ The proposed rule change makes corresponding changes to the following rules to delete references to the Penny Price Improvement Program and the rules proposed to be deleted: Rules 1.1(fff) and (ggg), 6.45, Interpretations and Policies .01 and .02, Rule 6.47, Interpretation and Policy .02, and Rule 6.74, Interpretation and Policy .09.

⁴ 17 CFR 240.19b-4(f)(6).

⁵ The Exchange initially filed the proposed rule change on January 3, 2018 (SR-CBOE-2018-003). On January 25, 2018 the Exchange withdrew SR-CBOE-2018-003 and refiled as SR-CBOE-2018-009. On business date January 25, 2018, the Exchange subsequently withdrew SR-CBOE-108-009 [sic] and submitted this filing.

Paragraph (a) describes cabinet trading for classes not trading on the Hybrid System, while paragraph (b) describes cabinet trading for classes trading on the Hybrid System. All options trading on the Exchange currently trade on the Hybrid Trading System, and thus Rule 6.54(a) no longer applies to any options listed for trading on the Exchange.¹⁰

• *Chapter VII—Order Book Officials.* Order Book Officials were Exchange employees responsible for maintaining the book with respect to classes assigned to them, effecting proper executions of orders placed with them, displaying bids and offers, and monitoring the market for classes assigned to them. The Exchange currently has no employees designated as, and does not intend to designate any employees as, Order Book Officials, as Order Book Official functions are generally obsolete now that most trading occurs electronically.

The proposed rule change deletes Rules 7.1 through 7.3, 7.4 except for subparagraph (a)(1) (which is being moved to Rule 6.11, with some modifications described below), 7.5, 7.7 through 7.10, and Chapter VII, Section B, as they relate solely to responsibilities of Order Book Officials.

Rule 7.4(a)(1) states public customer orders in Hybrid and Hybrid 3.0 classes are eligible for entry into the electronic book, and the Exchange may determine on a class-by-class basis other orders that are eligible for entry into the electronic book. Currently, after a class is open for trading (see current Rule 6.2B (proposed Rule 6.2) for a description of orders the System accepts prior to opening), the System accepts for entry into the Book (1) quotes of all Market-Makers and orders of any origin code in Hybrid classes and (2) quotes of Lead Market-Makers (“LMMs”) and orders of priority customers in Hybrid 3.0 classes, while the Exchange continues to have flexibility to permit orders of other origin codes be eligible for book entry. The Exchange proposes to codify this current book eligibility (which is consistent with the Exchange’s authority in current Rule 7.4(a)(1)) in Rule 6.11. The proposed rule change also deletes the provision in current Rule 7.4(a)(1) that states Trading Permit Holders submitting orders or quotes for entry in to the book must do so electronically and in the format announced by the Exchange. It is

¹⁰ The proposed rule change makes a corresponding change to current paragraph (b), eliminates paragraph lettering for paragraph (b) (as that will be the only paragraph in the rule), and reletters subparagraphs (i) and (ii) as (a) and (b), consistent with paragraph lettering throughout the rules.

redundant to state orders and quotes for entry in the electronic book must be submitted electronically, and Rule 6.53A describes the types of order formats Trading Permit Holders must use.¹¹

Rule 7.5, Interpretation and Policy .03 states every Floor Broker who represents a Market-Maker with an order in any options class must, by public outcry at the post, indicate the identity of such Market-Maker at the request of any Trading Permit Holder or Order Book Official. The proposed rule change moves this provision (with the reference to Order Book Official deleted) to Rule 6.73, which relates to responsibilities of Floor Brokers.

Rule 7.6 regarding the requirement for PAR Official to report unusual activity is proposed to move to Rule 6.12B(b)(v).¹² The proposed rule change

¹¹ The proposed rule change makes corresponding changes to the following rules to change cross-references to Rule 7.4 to Rule 6.11: Rules 6.13(b)(i)(A)(2) and (iii), 23.3(b), and 24.11A (the proposed rule change also deletes the Interpretations and Policies section of this rule, as there are currently none).

¹² The proposed rule change makes corresponding changes to the following rules to delete references to Order Book Officials and the rules proposed to be deleted: Rules 6.3, Interpretations and Policies .01 and .02, including the related footnote (these interpretations also delete references to post directors, which are no longer used at the Exchange, and only relate to prior circumstances under which Post Directors or Order Book Officials would suspend trading; those functions no longer exist on the Exchange, and the Exchange currently only halts trading in accordance with the remaining provisions of Rule 6.3 and other rules related to trading halts), 6.6(b) and (e) (which also deletes references to post directors, which are no longer used at the Exchange), 6.12A, 6.20(a) and Interpretations and Policies .02 (currently, there are only four PAR Officials on the trading floor, who all float to all trading crowds as necessary and are thus no longer assigned to classes) and .04(ii), 6.43(a), 6.54, Interpretations and Policies .01 and .02 (the proposed rule change replaces references to Order Book Officials to PAR Officials, consistent with Interpretation and Policy .02, which indicates PAR Officials may perform the functions of Order Book Officials for purposes of that rule), 6.73, Interpretation and Policy .01 (which only relates to comparing execution prices to those in displayed by an Order Book Official (pursuant to Rules 6.45(b) and 6.73, Floor Brokers must use due diligence to execute orders at the best price and provide first priority based on price); additionally, bids and offers are made in response to requests from Floor Brokers that represent orders in open outcry (see Rule 6.4(b) [sic] and Rule 6.73 contains other provisions that require a Floor Broker to make sure all persons in the crowd are aware of requests for quotes and use due diligence when handling and executing orders, making Interpretation and Policy .01 redundant and unnecessary), 8.7(c) (the Exchange notes Market-Makers not permitted to enter a trading station in a floor brokerage capacity, as set forth in Rule 8.8) and Interpretation and Policy .09 (changes cross-reference to Rule 7.5 to Rule 8.7(d)(iv), which describes current Market-Maker obligations, including the obligation of Market-Maker to provide a quote upon Exchange request), and 24.13 and Interpretation and Policy .03 (which the proposed rule change renumbers to .02).

moves currently applicable provisions in Rule 7.12 (regarding PAR Officials) to Rule 6.12B (with some nonsubstantive changes).¹³ PAR Officials are Exchange employees or independent contractors whom the Exchange may designate as being responsible for operating a PAR workstation and effecting proper executions of orders placed with them. PAR Officials no longer maintain the book with respect to assigned classes, as the electronic book manages electronic orders and quotes. The proposed rule change deletes the provision in current Rule 7.12(b)(i) regarding the definition of customer limit orders, as customer orders are now defined in Rule 1.1(www) and (yyy) (which are proposed to be relettered as (yyy) and (zzz), as described below). The proposed rule change deletes current Rule 7.12(b)(i)(C), which applies to the Intermarket Options Linkage Plan that no longer exists.¹⁴ Pursuant to the current linkage plan, including the definition of an intermarket sweep order (“ISOs”) in Rule 6.53, ISOs may only be handled electronically (they may only be entered as immediate-or-cancel or for book entry if they do not execute), and thus would never be routed to a PAR workstation under the Rules. Therefore, PAR Officials no longer have responsibilities with respect to routed orders under the current linkage plan. The proposed rule change moves Rule 7.12(b)(i)(E), which relates to orders received during a trading rotation pursuant to current Rule 6.2 or HOSS pursuant to current Rule 6.2B (proposed Rule 6.2), to proposed Rule 6.12B(b)(i)(D). The proposed rule change changes the term immediately to promptly, as under current Rule 7.12 and proposed Rule 6.12(b), the term immediately means as soon as practicable but within 30 seconds. However, proposed Rule 6.12B(b)(i)(D) exempts these orders from being displayed within 30 seconds, so the term immediate did not seem appropriate. The term promptly still requires action as soon as practicable, but may be longer than 30 seconds. The proposed rule change moves current Rule 7.12(b)(ii), (iv), and (v) to proposed Rule 6.12B(b)(ii), (iii), and (iv), respectively, and moves current Rule 7.12(c) and (d) to proposed Rule 6.12B(c) and (d), respectively. The proposed rule change deletes Rule

¹³ The proposed rule change makes corresponding changes to the following rules to change cross-references to Rule 7.12 to Rule 6.12B: Rules 6.12A, 6.18(d)(i), and 6.20(a).

¹⁴ Chapter VI, Section E describes Exchange responsibilities pursuant to the current linkage plan, the Options Order Protection and Locked/Crossed Market Plan.

7.12(b)(iii), as PAR Officials no longer maintain the book (as described above) and do not have the ability to remove orders from the book. The proposed rule change replaces the term “senior Trading Operations official” with “senior Help Desk personnel” in current Rule 7.12(b)(iv) (proposed Rule 6.12(b)(iii)), which term is used throughout the rules. The proposed rule change deletes Rule 7.12, Interpretation and Policy .01, as it relates to the Exchange’s responsibility to appoint PAR Officials to trading stations prior to March 24, 2006. The Exchange currently has PAR Officials appointed to all trading stations on the trading floor.

- *Autoquote*. Autoquote was an Exchange electronic quotation system that automatically monitored and updated market quotes using a mathematical formula measuring certain characteristics of the option and underlying interest. Rules related to LMMs and DPMs require them to provide continuous electronic quotes in appointed classes using Autoquote or a proprietary automated quotation updating system. Currently, all Market-Makers that submit electronic quotes use a proprietary system, and Autoquote is no longer used. The proposed rule change deletes Rule 8.7, Interpretation and Policy .07, which describes Autoquote, as well as the requirement of LMMs and DPMs to provide electronic quotes, which requirement is included in Rules 8.15 and 8.85, respectively.¹⁵

- *S&P 100 Modified Opening Rotation*. Rule 24.13, Interpretation and Policy .02 provides a modified opening rotation that the Exchange may use for S&P 100 options, but the rule also provides the Exchange with the authority to open this class using HOSS pursuant to current Rule 6.2B (proposed Rule 6.2). The Exchange currently uses HOSS to open S&P 100 options, and does not intend to use the modified opening in the future. Therefore, this provision no longer applies to the opening of S&P 100 options.¹⁶

- *Rule 8.7(c)—Market-Maker Entry into Trading Station in Unappointed Class other than As Floor Broker*. Rule

8.7(c) states whenever a Market-Maker enters the trading station for a class of options contracts in a class in which it is not appointed, in other than a floor brokerage capacity, the Market-Maker must fulfill obligations established in Rule 8.7(b) and, for the rest of the trading day, as well as undertake certain additional obligations. This rule text essentially requires a Market-Maker to act like a Market-Maker when it enters a trading station in the capacity of a Market-Maker in an unappointed class. However, pursuant to Rule 8.3, on the trading floor, Market-Makers have an appointment to trade in all hybrid classes, so if it goes to any trading station on the floor as a Market-Maker, it has an appointment for the classes at that station and is subject to Market-maker obligations. That provision, in conjunction with the restriction on acting as a Market-Maker and Floor Broker on the same day, make the provision in Rule 8.7(c) unnecessary and duplicative. Therefore, the proposed rule change deletes this provision.

- *Market-Maker Exemption from Rule 8.7(b)(iv) Obligations*. Rule 8.7, Interpretation and Policy .13 provided Market-Makers with a temporary exemption from requirements set forth in Rule 8.7(d)(iv) on a pilot basis until February 17, 2007. That pilot has expired, and the Exchange did not renew it. Therefore, the proposed rule change deletes Rule 8.7, Interpretation and Policy .03, as it no longer applies to trading on the Exchange.

- *Chapter XXIVA—Flexible Exchange Options (“FLEX Options”)*. When the Exchange began offering FLEX Options for trading, FLEX Options traded pursuant to Rule XXIVA on the trading floor. The Exchange then developed the FLEX Hybrid Trading System on which FLEX Options could trade both on the trading floor and electronically. Chapter XXIVB describes FLEX Options trading on this system, and provides the Exchange with ability to permit FLEX trading pursuant to Chapter XXIVA or XXIVB. The open outcry rules in Chapter XXIVA are substantially similar to those in Chapter XXIVB. The Exchange has determined all FLEX trading must occur on the FLEX Hybrid Trading System pursuant to Chapter XXIVB. Therefore, Chapter XXIVA no longer applies to the trading of any FLEX Options.¹⁷ The proposed rule

change renumbers Chapter XXIVB and the rules in that chapter to Chapter XXIVA, and updates cross-references throughout the rules.

- *Chapter XXVI—Market Baskets*. Chapter XXVI describes rules applicable to market basket contracts, which are contracts obligating the seller to sell and the purchaser to purchase a designated number of shares of each of the stocks comprising the index on which the market basket is based. The Exchange currently does not list, and does not intend to list in the future, market basket contracts for trading. Therefore, Chapter XXVI no longer applies to any options trading on the Exchange.¹⁸

- *Chapter XXVII—Buy-Write Option Unitary Derivatives (“BOUNDS”)*. Chapter XXVIII describes rules applicable to BOUNDS, which are securities issued, or subject to issuance, by the Options Clearing Corporation pursuant to its rules, which gives holders and writers thereof such rights and obligations as may be provided in its rules. The Exchange currently does not list, and does not intend to list in the future, BOUNDS for trading. Therefore, Chapter XXVII no longer applies to any options trading on the Exchange.

- *Chapter XXXI—Approval of Securities for Original Listing*. Chapter XXXI describes rules pursuant to which the Exchange may list equity securities for listing on the Exchange. The Exchange currently does not list any equity securities on the Exchange. Therefore, Chapter XXXI currently applies to no securities listed on the Exchange.¹⁹

Pursuant to Section 957 of the Dodd-Frank Act, Section 6(b)(10) of the Act²⁰ requires the rules of each national securities exchange to prohibit any member that is not the beneficial owner of a security registered under Section 12 of the Act²¹ from granting a proxy to vote the security in connection with certain shareholder votes, unless the beneficial owner of the security has instructed the member to vote the proxy in accordance with the voting instructions of the beneficial owner. The

¹⁸ The proposed rule change also deletes references to market baskets and the rules proposed to be deleted in: Rules 8.8, Interpretation and Policy .02 and 24B.10 (which is proposed to be renumbered as 24A.10).

¹⁹ Options may be listed for trading on the Exchange pursuant to Chapter V and XXIV. The proposed rule change leaves a placeholder in Chapters XXX and XXXI for rules related to listing and trading of equity securities. The Exchange would file a proposed rule change to adopt new rules if it determines to list and trade equity securities in the future.

²⁰ 15 U.S.C. 78f(b)(10).

²¹ 15 U.S.C. 78l.

¹⁵ The proposed rule change also deletes references to Autoquote in Rules 6.43(b), 8.15(c), 8.51(c)(1)(a)(iii), 8.60 Interpretation and Policy .02, Rules 8.7, Interpretation and Policy .07, 8.15(c), and 8.85(a)(x) provide components of a formula used for automated quoting by Market-Makers using proprietary automated quoting systems will be disclosed unless the Exchange exempts them from disclosing this information. For competitive reasons, the Exchange exempts all Market-Makers from disclosing this information, so the proposed rule change deletes those provisions, as it does not intend to require Market-Makers from disclosing proprietary information going forward.

¹⁶ The proposed rule change also renumbers current Interpretation and Policy .03 to .02.

¹⁷ The proposed rule change also deletes references to Chapter XXIVA in the following rules: Rules 3.2(b), 5.9, 6.1A(c), 6.24, Interpretation and Policy .05, 6.49A(c)(6), Introduction to Chapter XX, 20.12, Introduction to Chapter XXII, 22.16, Introduction to current Chapter XXIVB, 28.17, 29.18, and Introduction to Chapter XXIX.

shareholder votes covered by Section 957 include any vote with respect to (1) the election of a member of the board of directors of an issuer (except for a vote with respect to the uncontested election of a member of the board of directors of any investment company registered under the Investment Company Act of 1940 (the "Investment Company Act"), (2) executive compensation, or (3) any other significant matter, as determined by the Commission, by rule.²²

Rules 31.82 through 31.88 currently include provisions that cover these proxy voting requirements with respect to Trading Permit Holders. However, because this proposed rule change deletes Chapter XXXI, the proposed rule change adds Rule 4.25 to retain the provisions required by Section 957. Proposed Rule 4.25 is substantially similar to rules of other options exchanges.²³

- *Chapters XL through XLIX—Screen-Based Trading.* Chapters XL through XLIX describe trading on the Exchange's screen-based trading system. The screen-based trading system is no longer used, as all options trading on the Exchange trade on the Hybrid Trading System. Therefore, the screen-based trading rules no longer apply to any options listed for trading on the Exchange.²⁴

- *Chapters L through LIV—CBOE Stock Exchange ("CBSX").* Chapters L through LIV describe trading on CBSX, which is the Exchange's facility for trading stocks, warrants, IPRs, IPSs, and Trust Issued Receipts (non-options securities). CBSX ceased market operations on April 30, 2014. Therefore, the CBSX rules no longer apply to any trading on the Exchange.²⁵ The Exchange would file a proposed rule change to adopt new rules if it determines to list and trade non-options securities in the future.

Additional Nonsubstantive Changes

In addition to nonsubstantive changes described above, the proposed rule change makes the following nonsubstantive changes:

- The proposed rule change moves Interpretation and Policy .01 to the definition of Professional in Rule

1.1(ggg) to Interpretation and Policy .06 to Rule 1.1, so that all Interpretations and Policies to Rule 1.1 are in the same place.

- Currently, there are two paragraphs erroneously lettered as Rule 1.1(mmm) and (ppp). The proposed rule change corrects this lettering and updates the paragraph lettering to reflect these corrections.

- The proposed rule change makes updates throughout the rules to conform paragraph lettering and numbering to other rules, as well as to reflect deleted rule provisions.

- Rule 6.2, Interpretation and Policy .01(b) and (c) erroneously refer to LMMs as LLMs. The proposed rule change corrects [sic] those erroneous references.

The proposed rule change amends Rule 6.43(b) to indicate it only applies to Hybrid 3.0 classes, which is consistent with the current rule text and current trading practices.

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.²⁶ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)²⁷ 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 the Section 6(b)(5)²⁸ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, by deleting rules that no longer apply to Cboe Options trading (which rules have generally not been applicable in years), and making other nonsubstantive changes to better organize and more consistently number and letter rules, the rules will more clearly identify currently applicable rules, which the Exchange believes removes impediments to and perfects

the mechanism of a free and open market. The Exchange believes the proposed rule change will eliminate confusion regarding which rules apply to current trading, which ultimately protects investors and the public interest. The proposed rule change has no impact on current trading on Cboe Options.

The proposed rule change regarding proxy voting is substantially similar to C2 Supplemental Rules to C2 Chapter 4 and Nasdaq ISE Rule 421 and consistent with Section 957 of the Dodd-Frank Act.

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 proposed rule change deletes rules that no longer apply to Cboe Options trading and makes other nonsubstantive changes, and thus has no impact on current trading on Cboe Options. Therefore, the proposed rule change has no impact on competition. The proposed rule change eliminates confusion with respect to rules applicable to current trading on Cboe Options.

The proposed rule change regarding proxy voting is substantially similar to C2 Supplemental Rules to C2 Chapter 4 and Nasdaq ISE Rule 421 and consistent with Section 957 of the Dodd-Frank Act.

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

Because the foregoing proposed rule change does not:

A. Significantly affect the protection of investors or the public interest;
B. impose any significant burden on competition; and

C. become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act²⁹ and Rule 19b-4(f)(6)³⁰ thereunder.³¹

²⁹ 15 U.S.C. 78s(b)(3)(A).

³⁰ 17 CFR 240.19b-4(f)(6).

³¹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief

²² 15 U.S.C. 78f(b)(10)(B).

²³ See, e.g., C2 Supplemental Rules to C2 Chapter 4 and Nasdaq ISE Rule 421.

²⁴ The proposed rule change makes corresponding changes to the following rules to delete references to screen-based trading and the rules proposed to be deleted: Rules 1.1(fff) and (ggg), 3.2(b), and 3.3.

²⁵ The proposed rule change makes corresponding changes to the following rules to delete references to CBSX and the rules proposed to be deleted: Rules 3.1A, 3.2(b), 3.3, and 6.20A, Interpretation and Policy .01.

²⁶ 15 U.S.C. 78f(b).

²⁷ 15 U.S.C. 78f(b)(5).

²⁸ *Id.*

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative for 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii)³² permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay. According to the Exchange, the proposed rule change is consistent with the protection of investors and the public interest because it eliminates confusion as to the rules that currently apply to trading on Cboe Options. The Commission believes that deleting obsolete rules will add clarity and transparency to the Exchange's rules. Therefore, the Commission finds that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission waives the 30-day operative delay and designates the proposed rule change operative upon filing.³³

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-2018-010 on the subject line.

description and the text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

³² 17 CFR 240.19b-4(f)(6)(iii).

³³ For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(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-2018-010. 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 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-2018-010 and should be submitted on or before March 6, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁴

Eduardo A. Aleman,

Assistant Secretary.

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BILLING CODE 8011-01-P

³⁴ 17 CFR 200.30-3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82653; File No. SR-Phlx-2018-13]

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Exchange's Pricing Schedule To Exclude NDX and NDXP Options From the Strategy Caps and From Special Pricing for FLEX Transactions

February 7, 2018.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on January 26, 2018, Nasdaq PHLX LLC ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "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 Exchange's Pricing Schedule to exclude A.M. and P.M.-settled options on broad-based indexes with nonstandard expiration dates from its pricing for Strategy Caps and for FLEX transactions.

While changes to the Pricing Schedule pursuant to this proposal are effective upon filing, the Exchange has designated these changes to be operative on February 1, 2018.

The text of the proposed rule change is available on the Exchange's website at <http://nasdaqphlx.cchwallstreet.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 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.