

Reference Room, 100 F Street NE., Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File No. SR-MIAX-2017-05, and should be submitted on or before March 17, 2017.

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

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80060; File No. SR-CBOE-2016-091]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Approving a Proposed Rule Change Related to a Change to the Trading Symbol for P.M.-Settled Options on the Standard & Poor's 500 Index

February 17, 2017.

I. Introduction

On December 16, 2016, Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change amending CBOE's rules related to P.M.-settled options on the Standard & Poor's 500 Index ("S&P 500 Index"). The proposed rule change was published for comment in the **Federal Register** on January 5, 2017.³ The Commission received no comment letters on the proposed rule change. This order approves the proposed rule change.

II. Description of the Proposed Rule Change

CBOE proposes to move P.M.-settled S&P 500 Index options expiring on the

third-Friday of the month ("third-Friday"), currently listed in a separate class and trading under the symbol "SPXPM", to the Hybrid 3.0 S&P 500 Index options class. In connection with the move, the Exchange proposes changing the trading symbol for these options from "SPXPM" to "SPXW."

The Exchange currently lists A.M.-settled⁴ and P.M.-settled⁵ S&P 500 Index options that have standard third-Friday expirations. Third-Friday A.M.-settled S&P 500 Index options trade under the symbol "SPX" on the Exchange's Hybrid 3.0 platform.⁶ Third-Friday P.M.-settled S&P 500 Index options trade on the Hybrid Trading System in a separate options class under the symbol "SPXPM".⁷

In addition, the Hybrid 3.0 options class also includes nonstandard P.M.-settled S&P 500 Index options trading under the symbol "SPXW," which may expire on Mondays, Wednesdays, Fridays (other than the third-Friday-of-the-month) (*i.e.*, nonstandard weekly expirations pursuant to Rule 24.9(e)), and the last trading day of the month.⁸ Although SPXW options are included in the Hybrid 3.0 class, they trade on the Hybrid Trading System.⁹

In its filing, the Exchange noted that a gap exists currently in Friday expirations for SPXW as a user of SPXW options cannot roll an existing SPXW position that expires on a first or second Friday of a month into a SPXW position that expires on a third-Friday, because the latter is part of the separate SPXPM class.¹⁰ Moving SPXPM into the SPX class under symbol SPXW will remove this gap and allow market participants to maintain exposure to SPXW Friday expirations throughout the month if they so choose. The Exchange also noted that offering access to all P.M.-settled S&P 500 Index options in a single class with expirations every Friday of the month will provide market participants with greater flexibility in submitting complex orders using S&P 500 index options.¹¹

In its filing, the Exchange noted its belief that moving SPXPM into the SPX options class under the symbol SPXW should not adversely impact market

participants.¹² Specifically, the Exchange noted that it expects a smooth transition of the SPXPM series to the SPXW symbol because SPXPM and SPXW options both trade on the Hybrid Trading System¹³ and the Exchange's rules and systems treat SPXPM and SPXW the same in many respects.¹⁴

Pilot Reports

SPXPM options currently are approved for listing and trading on a pilot basis.¹⁵ The Exchange represents that the pilot will continue under the same terms that established the pilot.¹⁶

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act¹⁷ and the rules and regulations thereunder applicable to a national securities exchange.¹⁸ In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹⁹ which requires, among other things, that the rules of a national securities exchange be designed 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.

The Exchange represents that trading P.M.-settled third-Friday expirations as part of the S&P 500 Index options class under the SPXW symbol, rather than as a separate class under the SPXPM symbol, will help remove impediments to and perfect the mechanism of a free and open market by providing market participants with access to a single class

¹² See *id.*

¹³ See Rules 8.3(c)(i) (identifying P.M.-settled third-Friday S&P Index options as a Tier AA Hybrid Options Class) and 8.14.01 (allowing the Exchange to authorize a group of series of a class for trading on the Hybrid Trading System).

¹⁴ See Notice, *supra* note 3, at 1384-85 (discussing areas where trading parameters for SPXPM and SPXW are the same, such as the minimum increment for bids and offers, and where they differ, such as the appointment costs).

¹⁵ See Rule 24.9.14 and Securities Exchange Act Release No. 68457 (December 18, 2012), 77 FR 76135 (December 26, 2012) (SR-CBOE-2012-120).

¹⁶ See Notice, *supra* note 3, at 1385. As part of the pilot, the Exchange submits quarterly reports and annual reports that analyze the market impact and trading patterns of third-Friday P.M.-settled S&P 500 options. The Exchange will modify the reports to provide the same data and analysis for third-Friday P.M.-settled S&P 500 Index options trading under symbol SPXW that it currently submits for third-Friday P.M.-settled S&P 500 Index options trading under symbol SPXPM. See *id.*

¹⁷ 15 U.S.C. 78f.

¹⁸ In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁹ 15 U.S.C. 78f(b)(5).

¹³ 17 CFR 200.30-3(a)(12).

¹⁴ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 79712 (December 29, 2016), 82 FR 1383 (January 5, 2017) ("Notice").

⁴ See Rule 24.9(a)(4)(i) (A.M.-settled index options).

⁵ See Rule 24.9.14 (authorizing the Exchange to list P.M.-settled S&P 500 options for a specified pilot period).

⁶ See Rule 8.3(c)(iii).

⁷ See Rule 8.3(c)(i) (identifying P.M.-settled third-Friday S&P 500 options as a Tier AA Hybrid Options Class).

⁸ See Rule 24.9(e).

⁹ See Rule 8.14.01.

¹⁰ See Notice, *supra* note 3, at 1384.

¹¹ See *id.*

of P.M.-settled S&P 500 Index options with expirations every Friday of the month.²⁰ The Commission believes that the proposal can thus benefit investors by providing them with additional trading flexibility for both simple and complex orders.

Further, the Exchange represents that there are minimal differences in the trading parameters of the two options classes.²¹ Although the appointment costs for SPXPM and SPX are different, the Exchange represents that market makers should not be adversely impacted by this proposal because all market-makers currently appointed in SPXPM also are appointed in SPX, which confers the right to trade SPXW options.²² The Commission believes that, to the extent the trading parameters of the two classes are substantively similar, the Exchange's proposal to move SPXPM options into the SPX options class does not raise novel issues.

Finally, SPXPM options currently are listed on a pilot basis. As part of the pilot, the Exchange has been required to submit to the Commission quarterly reports and annual reports that analyze the market impact and trading patterns of third-Friday P.M.-settled S&P 500 options. The Exchange represents that it will continue to provide this data in exactly the same scope and format.²³ The Commission believes that the continued pilot and reports will allow the Exchange and the Commission to monitor for and assess any potential adverse market impact caused by these P.M.-settled options.

Based on the Exchange's representations discussed above, and for the reasons noted above, the Commission believes that the proposal to move SPXPM options into the SPX options class is consistent with the Act.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act²⁴, that the proposed rule change (SR-CBOE-2016-091) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁵

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80059; File No. SR-NYSEArca-2017-16]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Rules 6.62, 6.73 and Make a Conforming Change to Rule 6.47A

February 17, 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 February 10, 2017, NYSE Arca, Inc. ("Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III 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 6.62 to eliminate Price Improving Orders and Quotes, and amend Rule 6.73 to eliminate the electronic and open outcry bidding and offering requirements associated with a Price Improving Order or Quote, and make a conforming change to Rule 6.47A. 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 Exchange proposes to amend Rule 6.62 to eliminate Price Improving Orders and Quotes, and amend Rule 6.73 to eliminate the electronic and open outcry bidding and offering requirements associated with a Price Improving Order or Quote, and make a conforming change to Rule 6.47A. The Exchange proposes to eliminate these order types in order to streamline its rules and reduce complexity among its order type offerings.⁴

Elimination of Price Improving Orders and Quotes

The Exchange proposes to eliminate, and thus delete from its rules, Price Improving Orders and Quotes, as defined in Rule 6.62(s).

A Price Improving Order or Price Improving Quote is an order or quote to buy or sell an option at a specified price at an increment smaller than the minimum price variation in the security. Price Improving Orders and Quotes may be entered in increments as small as one cent. Because the Exchange has not implemented this functionality, the Exchange believes it is appropriate to delete the functionality from its rules.⁵

To reflect this elimination, the Exchange proposes to delete all references to Price Improving Orders and Quotes in Rule 6.62(s), and to the electronic and open outcry bidding and offering requirements associated with a Price Improving Order or Quote in the second introductory paragraph of Rule 6.73 and Rules 6.73(a), 6.73(b) and 6.73(c), and to delete in the Commentary to Rule 6.47A references to Rule 6.62(s) and 6.73, as follows:⁶

⁴ See e.g., Mary Jo White, Chair, Securities and Exchange Commission, Speech at the Sandler O'Neill & Partners, L.P. Global Exchange and Brokerage Conference (June 5, 2014) (available at www.sec.gov/News/Speech/Detail/Speech/1370542004312#.U5HI-fmwjiw) ("I am asking the exchanges to conduct a comprehensive review of their order types and how they operate in practice. As part of this review, I expect that the exchanges will consider appropriate rule changes to help clarify the nature of their order types and how they interact with each other, and how they support fair, orderly, and efficient markets." *Id.*)

⁵ Though originally adopted as a competitive response to another options market introducing price improving orders, the Exchange never implemented this functionality for a variety of reasons, including technology and because most options volume was concentrated in Penny Pilot issues where price improving orders would be of little or no value.

⁶ See Securities Exchange Act Release No. 58079 (July 2, 2008), 73 FR 39365 (July 9, 2009) (SR-

²⁰ See Notice, *supra* note 3, at 1386.

²¹ See *id.* at 1384-85.

²² See *id.* at 1385.

²³ See *id.*

²⁴ 15 U.S.C. 78s(b)(2).

²⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.