

19b-4(f)(6) thereunder.<sup>19</sup> Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest, (ii) impose any significant burden on competition, and (iii) 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 Act<sup>20</sup> and Rule 19b-4(f)(6) thereunder.<sup>21</sup>

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii), the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. As noted above, the proposal would allow the Exchange to initiate \$1 or greater strike price intervals above \$200 for options on SPY, DIA, and IVV. Substantially similar rules are already in place at CBOE and PHLX, and the Exchange currently has the ability to list, and does list, these strike price intervals pursuant to its matching authority in Rule 903A(b)(vi). The Commission therefore believes that waiver of the operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission designates the proposed rule change to be operative upon filing.<sup>22</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.

Comments may be submitted by any of the following methods:

#### Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEArca-2017-128 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-NYSEArca-2017-128. 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-NYSEArca-2017-128 and should be submitted on or before December 13, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>23</sup>

**Eduardo A. Aleman,**  
Assistant Secretary.

[FR Doc. 2017-25229 Filed 11-21-17; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82097; File No. SR-BatsBZX-2017-72]

### Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change To List and Trade Shares of the Innovator S&P 500 15% Shield Strategy ETF Series, Innovator S&P 500 - 5% to - 35% Shield Strategy ETF Series, Innovator S&P 500 Enhance and 10% Shield Strategy ETF Series, and Innovator S&P 500 Ultra Strategy ETF Series Under Rule 14.11(i)

November 16, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 7, 2017, Cboe BZX Exchange, Inc. (the "Exchange" or "BZX") (formerly known as Bats BZX Exchange, Inc.) 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 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 filed a proposed rule change to list and trade shares of the Innovator S&P 500 15% Shield Strategy ETF Series, Innovator S&P 500 - 5% to - 35% Shield Strategy ETF Series, Innovator S&P 500 Enhance and 10% Shield Strategy ETF Series and Innovator S&P 500 Ultra Strategy ETF Series under the Innovator ETFs Trust (formerly, Academy Funds Trust), under Rule 14.11(i) ("Managed Fund Shares").

The text of the proposed rule change is available at the Exchange's Web site at [www.markets.cboe.com](http://www.markets.cboe.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

<sup>19</sup> 17 CFR 240.19b-4(f)(6).

<sup>20</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>21</sup> 17 CFR 240.19b-4(f)(6). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief 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.

<sup>22</sup> 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).

<sup>23</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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 Statutory Basis for, the Proposed Rule Change*

1. Purpose

The Exchange proposes to list and trade shares ("Shares") of up to twelve monthly Innovator S&P 500 15% Shield Strategy ETF Series (collectively, the "Shield Funds"), Innovator S&P 500 –5% to –35% Shield Strategy ETF Series (collectively, the "Ultra Shield Funds"), Innovator S&P 500 Enhance and 10% Shield Strategy ETF Series (collectively, the "Enhance and Shield Funds") and Innovator S&P 500 Ultra Strategy ETF Series (collectively, the "Ultra Funds") (each a "Fund" and, collectively, the "Funds") under Rule 14.11(i), which governs the listing and trading of Managed Fund Shares on the Exchange.<sup>3</sup> Each Fund will be an actively managed exchange traded fund ("ETF").

The Shares will be offered by Innovator ETFs Trust (formerly Academy Funds Trust) (the "Trust"), which was established as a Delaware statutory trust on October 17, 2007. The Trust is registered with the Commission as an investment company and has filed, for each Fund, a registration statement on Form N-1A ("Registration Statement") with the Commission on behalf of the Funds.<sup>4</sup> Each Fund intends to qualify each year as a regulated investment company (a "RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended.<sup>5</sup> Innovator Capital Management, LLC (the "Adviser") is the investment adviser to the Funds and Milliman Financial Risk Management LLC (the "Sub-Adviser") is the sub-adviser. Rule 14.11(i)(7) provides that, if the investment adviser to the investment company issuing

Managed Fund Shares is affiliated with a broker-dealer, such investment adviser shall erect a "fire wall" between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to such investment company portfolio.<sup>6</sup> In addition, Rule 14.11(i)(7) further requires that personnel who make decisions on the investment company's portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable investment company portfolio. Neither the Adviser nor the Sub-Adviser is a registered broker-dealer, and neither the Adviser nor the Sub-Adviser are affiliated with broker-dealers. In addition, Adviser or Sub-Adviser personnel who make decisions regarding a Fund's portfolio are subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the Fund's portfolio. In the event that (a) the Adviser or Sub-Adviser becomes registered as a broker-dealer or newly affiliated with another broker-dealer, or (b) any new adviser or sub-adviser is a registered broker-dealer or becomes affiliated with a broker-dealer, it will implement a fire wall with respect to its relevant personnel or such broker-dealer affiliate, as applicable, regarding access to information concerning the composition and/or changes to the portfolio, and will be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding such portfolio.

<sup>6</sup> An investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (the "Advisers Act"). As a result, the Adviser and its related personnel are subject to the provisions of Rule 204A-1 under the Advisers Act relating to codes of ethics. This Rule requires investment advisers to adopt a code of ethics that reflects the fiduciary nature of the relationship to clients as well as compliance with other applicable securities laws. Accordingly, procedures designed to prevent the communication and misuse of non-public information by an investment adviser must be consistent with Rule 204A-1 under the Advisers Act. In addition, Rule 206(4)-7 under the Advisers Act makes it unlawful for an investment adviser to provide investment advice to clients unless such investment adviser has (i) adopted and implemented written policies and procedures reasonably designed to prevent violation, by the investment adviser and its supervised persons, of the Advisers Act and the Commission rules adopted thereunder; (ii) implemented, at a minimum, an annual review regarding the adequacy of the policies and procedures established pursuant to subparagraph (i) above and the effectiveness of their implementation; and (iii) designated an individual (who is a supervised person) responsible for administering the policies and procedures adopted under subparagraph (i) above.

The investment objective of the Shield Funds is to provide investors, over a one-year period, with returns equal to those of the S&P 500 Price Return Index, while providing protection from S&P 500 Price Return Index losses. The investment objective of the Ultra Shield Funds is to provide investors, over a one-year period, with returns equal to those of the S&P 500 Price Return Index, while providing protection from S&P 500 Price Return Index losses. The investment objective of the Enhance and Shield Funds is to provide investors, over a one-year period, with returns that exceed those of the S&P 500 Price Return Index, while providing protection from S&P 500 Price Return Index losses. The investment objective of the Ultra Funds is to provide investors, over a one-year period, with returns that exceed those of the S&P 500 Price Return Index.

The Shield Funds and the Ultra Shield Funds are each actively managed funds that seek to exceed the returns of a benchmark index that employs a "defined outcome strategy" that is: (1) For the Shield Funds, the Cboe S&P 500 15% Buffer Protect Index Series (the "Shield Index"), which seeks to provide investment returns that match those of the S&P 500 Price Return Index (the "S&P 500 Index"), up to a maximized annual return (the "Shield Cap Level"), while guarding against a decline in the S&P 500 Index of the first 15% (the "Shield Strategy"); and (2) for the Ultra Shield Funds, Cboe S&P 500 30% (–5% to –35%) Buffer Protect Index Series (the "Ultra Shield Index"), which seeks to provide investment returns that match those of the S&P 500 Index, up to a maximized annual return (the "Ultra Shield Cap Level"), while guarding against a decline in the S&P 500 Index of between 5% and 35% (the "Ultra Shield Strategy"). The Enhance and Shield Funds and the Ultra Funds do not utilize benchmark indexes and are each actively managed funds that employ a "defined outcome strategy" that: (1) For the Enhance and Shield Funds, seeks to provide investment returns that exceed the gains of the S&P 500 Index, up to a maximized annual return (the "Enhance and Shield Cap Level"), while guarding against a decline in the S&P 500 Index of the first 10% (the "Enhance and Shield Strategy"); and (2) for the Ultra Funds, seeks to provide investment returns that exceed gains of the S&P 500 Index, up to a maximized annual return (the "Ultra Cap Level") (the "Ultra Strategy" and, collectively with the Shield Strategy, Ultra Shield Strategy and Enhance and Shield Strategy, the

<sup>3</sup> The Commission originally approved BZX Rule 14.11(i) in Securities Exchange Act Release No. 65225 (August 30, 2011), 76 FR 55148 (September 6, 2011) (SR-BATS-2011-018) and subsequently approved generic listing standards for Managed Fund Shares under Rule 14.11(i) in Securities Exchange Act Release No. 78396 (July 22, 2016), 81 FR 49698 (July 28, 2016) (SR-BATS-2015-100).

<sup>4</sup> See Post-Effective Amendment Nos. 59 and 60 to Registration Statement on Form N-1A for the Trust, dated September 8, 2017 (File Nos. 333-146827 and 811-22135) and Post-Effective Amendment Nos. 63 and 64 to Registration Statement on Form N-1A for the Trust, dated October 19, 2017 (File Nos. 333-146827 and 811-22135). The descriptions of the Funds and the Shares contained herein are based on information in the Registration Statement.

<sup>5</sup> 26 U.S.C. 851.

“Strategies”). Pursuant to the Strategies, each Fund will invest primarily in exchange-traded options contracts that reference either the S&P 500 Index or ETFs that track the S&P 500 Index. Defined outcome strategies are designed to participate in market gains and losses within pre-determined ranges over a specified period (*i.e.* point to point). These outcomes are predicated on the assumption that an investment vehicle employing the strategy is held for the designated outcome periods. As such, the Exchange is proposing to list up to twelve monthly series of each of the Shield Funds, Ultra Shield Funds, Enhance and Shield Funds and the Ultra Funds, as named above.

The Exchange submits this proposal in order to allow each Fund to hold listed derivatives, in particular FLEXible EXchange Options (“FLEX Options”) on the S&P 500 Index, in a manner that does not comply with Rule 14.11(i)(4)(C)(iv)(b).<sup>7</sup> Otherwise, the Funds will comply with all other listing requirements of the Generic Listing Standards<sup>8</sup> for Managed Fund Shares on an initial and continued listing basis under Rule 14.11(i).

#### Innovator S&P 500 15% Shield Strategy ETF Series

The Shield Funds are actively managed funds that seek to provide total return which exceeds that of the Shield Index. Each Shield Fund will seek excess return above the Shield Index, before expenses are taken into account, solely through the active management of any available assets not required to be deposited for margin in connection with the Shield Fund’s respective investments in the Shield Index components. Under Normal Market Conditions,<sup>9</sup> each Shield Fund will

<sup>7</sup> Rule 14.11(i)(4)(C)(iv)(b) provides that “the aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets shall not exceed 65% of the weight of the portfolio (including gross notional exposures), and the aggregate gross notional value of listed derivatives based on any single underlying reference asset shall not exceed 30% of the weight of the portfolio (including gross notional exposures).” The Exchange is proposing that the Funds be exempt from the requirement of Rule 14.11(i)(4)(C)(iv)(b) that prevents the aggregate gross notional value of listed derivatives based on any single underlying reference asset from exceeding 30% of the weight of the portfolio (including gross notional exposures) and the requirement that the aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets shall not exceed 65% of the weight of the portfolio (including gross notional exposures).

<sup>8</sup> For purposes of this proposal, the term “Generic Listing Standards” shall mean the generic listing rules for Managed Fund Shares under Rule 14.11(i)(4)(C).

<sup>9</sup> As defined in Rule 14.11(i)(3)(E), the term “Normal Market Conditions” includes, but is not limited to, the absence of trading halts in the

attempt to achieve its investment objective by taking positions that provide performance exposure substantially similar to the exposure provided by components of the Shield Index.<sup>10</sup> Pursuant to the Shield Strategy, each Shield Fund will invest primarily in the FLEX Options included in the Shield Index or other standardized options contracts listed on a U.S. exchange that reference either the S&P 500 Index or ETFs that track the S&P 500 Index.

The Shield Index is composed of U.S. exchange-listed FLEX Options that reference the S&P 500 Index. The Shield Index is designed to produce returns that, over a period of approximately one year, match the returns of the S&P 500 Index up to the Shield Cap Level, while guarding against a decline in the S&P 500 Index of the first 15%. More specifically, the Shield Index is designed to produce the following outcomes during the outcome period:

- *If the S&P 500 Index appreciates over the outcome period:* The Shield Index will provide a total return that matches the percentage increase of the S&P 500 Index, up to the Shield Cap Level;
- *If the S&P 500 Index decreases over the outcome period by 15% or less:* The Shield Index will provide a total return of zero; and
- *If the S&P 500 Index depreciates over the outcome period by greater than 15%:* The Shield Index will provide a total return loss that is 15% less than the percentage loss on the S&P 500 Index with a maximum loss of approximately 85%.

The Shield Index will produce these outcomes by layering “purchased” and “written” FLEX Options. The customizable nature of FLEX Options allows for the creation of a strategy that sets desired defined outcome parameters. The FLEX Options comprising the Shield Index have terms that, when layered upon each other, are designed to buffer against losses of the S&P 500 Index. However, another effect of the layering of FLEX Options with these terms is a cap on the level of possible gains. Any FLEX Options that are written by the Shield Index that create an obligation to sell or buy an asset will be offset with a position in

applicable financial markets generally; operational issues causing dissemination of inaccurate market information or system failures; or force majeure type events such as natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption, or any similar intervening circumstance.

<sup>10</sup> The Shield Funds are not index tracking funds and are not required to invest in all components of the Shield Index.

FLEX Options purchased by the Shield Index to create the right to buy or sell the same asset such that the Shield Index will always be in a net long position. That is, any theoretical obligations of a Shield Index created by its writing of FLEX Options will be covered by offsetting positions in other purchased FLEX Options. As the FLEX Options mature at the end of each outcome period, they are replaced. By replacing FLEX Options annually, each Shield Index seeks to ensure that investments made in a given month during the current year buffer against negative returns of the S&P 500 Index up to pre-determined levels in that same month of the following year.

Similarly, each of the Shield Funds will layer purchased and written FLEX Options that comprise the Shield Index. Any FLEX Options that are written by a Shield Fund that create an obligation to sell or buy an asset will be offset with a position in FLEX Options purchased by the Shield Fund to create the right to buy or sell the same asset such that the Shield Fund will always be in a net long position. That is, any obligations of a Shield Fund created by its writing of FLEX Options will be covered by offsetting positions in other purchased FLEX Options. As the FLEX Options mature at the end of each outcome period, they are replaced. By replacing FLEX Options annually, each Shield Fund seeks to ensure that investments made in a given month during the current year buffer against negative returns of the S&P 500 Index up to pre-determined levels in that same month of the following year. The Shield Funds do not offer any protection against declines in the S&P 500 Index exceeding 15% on an annualized basis. Shareholders will bear all S&P 500 Index losses exceeding 15% on a one-to-one basis.

The FLEX Options owned by each of the Shield Funds will have the same terms (*i.e.* same strike price and expiration) for all investors of a Shield Fund within an outcome period. The Shield Cap Level will be determined with respect to each Shield Fund on the inception date of the Shield Fund and at the beginning of each outcome period.

#### Innovator S&P 500 –5% to –35% Shield Strategy ETF Series

The Ultra Shield Funds are actively managed funds that seek to provide total return which exceeds that of the Ultra Shield Index. Each Ultra Shield Fund will seek excess return above the Ultra Shield Index, before expenses are taken into account, solely through the active management of any available assets not required to be deposited for margin in

connection with the Ultra Shield Fund's respective investments in the Ultra Shield Index components. Under Normal Market Conditions, each Ultra Shield Fund will attempt to achieve its investment objective by taking positions that provide performance exposure substantially similar to the exposure provided by components of the Ultra Shield Index.<sup>11</sup> Pursuant to the Ultra Shield Strategy, each Ultra Shield Fund will invest primarily in the FLEX Options included in the Ultra Shield Index or other standardized options contracts listed on a U.S. exchange that reference either the S&P 500 Index or ETFs that track the S&P 500 Index.

The Ultra Shield Index is composed of U.S. exchange-listed FLEX Options that reference the S&P 500 Index. The Ultra Shield Index is designed to produce returns that, over a period of approximately one year, match the returns of the S&P 500 Index up to the Ultra Shield Cap Level while guarding against a decline in the S&P 500 Index of between 5% and 35%. More specifically, the Ultra Shield Index is designed to produce the following outcomes during the outcome period:

- *If the S&P 500 Index appreciates over the outcome period:* The Ultra Shield Index seeks to provide a total return that matches the percentage increase of the S&P 500 Index, up to the Ultra Shield Cap Level;
- *If the S&P 500 Index decreases over the outcome period by 5% or less:* The Ultra Shield Index seeks to provide a total return loss that is equal to the percentage loss on the S&P 500 Index;
- *If the S&P 500 Index decreases over the outcome period by 5%–35%:* The Ultra Shield Index seeks to provide a total return loss of 5%; and
- *If the S&P 500 Index depreciates over the outcome period by greater than 35%:* The Ultra Shield Index seeks to provide a total return loss that is 30% less than the percentage loss on the S&P 500 Index with a maximum loss of approximately 70%.

The Ultra Shield Index will produce these outcomes by layering “purchased” and “written” FLEX Options. The customizable nature of FLEX Options allows for the creation of a strategy that sets desired defined outcome parameters. The FLEX Options comprising the Ultra Shield Index have terms that, when layered upon each other, are designed to buffer against losses of the S&P 500 Index. However, another effect of the layering of FLEX Options with these terms is a cap on the

level of possible gains. Any FLEX Options that are written by the Ultra Shield Index that create an obligation to sell or buy an asset will be offset with a position in FLEX Options purchased by the Ultra Shield Index to create the right to buy or sell the same asset such that the Ultra Shield Index will always be in a net long position. That is, any theoretical obligations of an Ultra Shield Index created by its writing of FLEX Options will be covered by offsetting positions in other purchased FLEX Options. As the FLEX Options mature at the end of each outcome period, they are replaced. By replacing FLEX Options annually, each Ultra Shield Index seeks to ensure that investments made in a given month during the current year buffer against negative returns of the S&P 500 Index up to pre-determined levels in that same month of the following year.

Similarly, each of the Ultra Shield Funds will layer purchased and written FLEX Options that comprise the Ultra Shield Index. Any FLEX Options that are written by an Ultra Shield Fund that create an obligation to sell or buy an asset will be offset with a position in FLEX Options purchased by the Ultra Shield Fund to create the right to buy or sell the same asset such that the Ultra Shield Fund will always be in a net long position. That is, any obligations of an Ultra Shield Fund created by its writing of FLEX Options will be covered by offsetting positions in other purchased FLEX Options. As the FLEX Options mature at the end of each outcome period, they are replaced. By replacing FLEX Options annually, each Ultra Shield Fund seeks to ensure that investments made in a given month during the current year buffer against negative returns of the S&P 500 Index up to pre-determined levels in that same month of the following year. The Ultra Shield Funds do not offer any protection against declines in the S&P 500 Index exceeding 35% on an annualized basis. Shareholders will bear all S&P 500 Index losses exceeding 35% on a one-to-one basis.

The FLEX Options owned by each of the Ultra Shield Funds will have the same terms (*i.e.* same strike price and expiration) for all investors of an Ultra Shield Fund within an outcome period. The Ultra Shield Cap Level will be determined with respect to each Ultra Shield Fund on the inception date of the Ultra Shield Fund and at the beginning of each outcome period.

Innovator S&P 500 Enhance and 10% Shield Strategy ETF Series

Under Normal Market Conditions, each Enhance and Shield Fund will

attempt to achieve its investment objective by employing a “defined outcome strategy” that seeks to provide investment returns that exceed the gains of the S&P 500 Index, up to the Enhance and Shield Cap Level, while shielding investors from S&P 500 Index losses of up to 10%. Pursuant to the Enhance and Shield Strategy, each Enhance and Shield Fund will invest primarily in FLEX Options or other standardized options contracts listed on a U.S. exchange that reference either the S&P 500 Index or ETFs that track the S&P 500 Index.

The portfolio managers will invest in a portfolio of FLEX Options linked to an underlying asset, the S&P 500 Index, that, when held for the specified period, seeks to produce returns that, over a period of approximately one year, exceed the returns of the S&P 500 Index up to the Enhance and Shield Cap Level. Pursuant to the Enhance and Shield Strategy, each Enhance and Shield Fund's portfolio managers will seek to produce the following outcomes during the outcome period:

- *If the S&P 500 Index appreciates over the outcome period:* The Enhance and Shield Fund seeks to provide shareholders with a total return that exceeds that of the S&P 500 Index, up to and including the Enhance and Shield Cap Level;
- *If the S&P 500 Index depreciates over the outcome period by 10% or less:* The Enhance and Shield Fund seeks to provide a total return of zero;
- *If the S&P 500 Index decreases over the outcome period by more than 10%:* The Enhance and Shield Fund seeks to provide a total return loss that is 10% less than the percentage loss on the S&P 500 Index with a maximum loss of approximately 90%.

The Enhance and Shield Funds will produce these outcomes by layering purchased and written FLEX Options. The customizable nature of FLEX Options allows for the creation of a strategy that sets desired defined outcome parameters. The FLEX Options comprising an Enhance and Shield Fund's portfolio have terms that, when layered upon each other, are designed to buffer against losses or exceed the gains of the S&P 500 Index. However, another effect of the layering of FLEX Options with these terms is a cap on the level of possible gains.

Any FLEX Options that are written by an Enhance and Shield Fund that create an obligation to sell or buy an asset will be offset with a position in FLEX Options purchased by the Enhance and Shield Fund to create the right to buy or sell the same asset such that the

<sup>11</sup> The Ultra Shield Funds are not index tracking funds and are not required to invest in all components of the Ultra Shield Index.

Enhance and Shield Fund will always be in a net long position. That is, any obligations of an Enhance and Shield Fund created by its writing of FLEX Options will be covered by offsetting positions in other purchased FLEX Options. As the FLEX Options mature at the end of each outcome period, they are replaced. By replacing FLEX Options annually, each Enhance and Shield Fund seeks to ensure that investments made in a given month during the current year buffer against negative returns of the S&P 500 Index up to pre-determined levels in that same month of the following year. The Enhance and Shield Funds do not offer any protection against declines in the S&P 500 Index exceeding 10% on an annualized basis. Shareholders will bear all S&P 500 Index losses exceeding 10% on a one-to-one basis.

The FLEX Options owned by each of the Enhance and Shield Funds will have the same terms (*i.e.* same strike price and expiration) for all investors of an Enhance and Shield Fund within an outcome period. The Enhance and Shield Cap Level will be determined with respect to each Enhance and Shield Fund on the inception date of the Enhance and Shield Fund and at the beginning of each outcome period.

#### Innovator S&P 500 Ultra Strategy ETF Series

Under Normal Market Conditions, each Ultra Fund will attempt to achieve its investment objective by employing a “defined outcome strategy” that seeks to provide investment returns that exceed the gains of the S&P 500 Index, up to the Ultra Cap Level. Pursuant to the Ultra Strategy, each Ultra Fund will invest primarily in FLEX Options or other standardized options contracts listed on a U.S. exchange that reference either the S&P 500 Index or ETFs that track the S&P 500 Index.

The portfolio managers will invest in a portfolio of FLEX Options linked to an underlying asset, the S&P 500 Index, that, when held for the specified period, seeks to produce returns that, over a period of approximately one year, exceed the returns of the S&P 500 Index up to the Ultra Cap Level. Pursuant to the Ultra Strategy, each Ultra Fund’s portfolio managers will seek to produce the following outcomes during the outcome period:

- *If the S&P 500 Index appreciates over the outcome period:* The Ultra Fund seeks to provide shareholders with a total return that exceeds that of the S&P 500 Index, up to the Ultra Cap Level;
- *If the S&P 500 Index decreases over the outcome period:* The Ultra Fund

seeks to provide a total return loss that is equal to the percentage loss of the S&P 500 Index.

The Ultra Funds will produce these outcomes by layering purchased and written FLEX Options. The customizable nature of FLEX Options allow for the creation of a strategy that sets desired defined outcome parameters. The FLEX Options comprising the Ultra Fund’s portfolio have terms that, when layered upon each other, are designed to exceed the gains of the S&P 500 Index. However, another effect of the layering of FLEX Options with these terms is a cap on the level of possible gains.

Any FLEX Options that are written by the Ultra Fund that create an obligation to sell or buy an asset will be offset with a position in FLEX Options purchased by the Ultra Fund to create the right to buy or sell the same asset such that the Ultra Fund will always be in a net long position. That is, any obligations of an Ultra Fund created by its writing of FLEX Options will be covered by offsetting positions in other purchased FLEX Options. As the FLEX Options mature at the end of each outcome period, they are replaced.

The FLEX Options owned by each of the Ultra Funds will have the same terms (*i.e.* same strike price and expiration) for all investors of an Enhance and Shield Fund within an outcome period. The Ultra Cap Level will be determined with respect to each Ultra Fund on inception date of the Ultra Fund and at the beginning of each outcome period.

#### Investment Methodology for the Funds

Under Normal Market Conditions, each Fund will invest primarily in U.S. exchange-listed FLEX Options on the S&P 500 Index. Each of the Funds may invest its net assets (in the aggregate) in other investments which the Adviser or Sub-Adviser believes will help each Fund to meet its investment objective and that will be disclosed at the end of each trading day (“Other Assets”). Other Assets include only the following: cash or cash equivalents, as defined in Rule 14.11(i)(4)(C)(iii)<sup>12</sup> and standardized

<sup>12</sup> As defined in Rule 14.11(i)(4)(C)(iii), cash equivalents include short-term instruments with maturities of less than three months, including: (i) U.S. Government securities, including bills, notes, and bonds differing as to maturity and rates of interest, which are either issued or guaranteed by the U.S. Treasury or by U.S. Government agencies or instrumentalities; (ii) certificates of deposit issued against funds deposited in a bank or savings and loan association; (iii) bankers acceptances, which are short-term credit instruments used to finance commercial transactions; (iv) repurchase agreements and reverse repurchase agreements; (v) bank time deposits, which are monies kept on

options contracts listed on a U.S. securities exchange that reference either the S&P 500 Index or that reference ETFs that track the S&P 500 Index (“Reference ETFs”).

#### S&P 500 Index FLEX Options

The market for options contracts on the S&P 500 Index traded on Cboe Exchange, Inc. (“Cboe Options”) is among the most liquid markets in the world. In 2016, 1,023,623 options contracts on the S&P 500 Index were traded per day on Cboe Options, which is more than \$200 billion in notional volume traded on a daily basis. While FLEX Options are traded differently than standardized options contracts, the Exchange believes that this liquidity bolsters the market for FLEX Options, as described below. Every FLEX Option order submitted to Cboe Options is exposed to a competitive auction process for price discovery. The process begins with a request for quote (“RFQ”) in which the interested party establishes the terms of the FLEX Options contract. The RFQ solicits interested market participants, including on-floor market makers, remote market makers trading electronically, and member firm traders, to respond to the RFQ with bids or offers through a competitive process. This solicitation contains all of the contract specifications—underlying, size, type of option, expiration date, strike price, exercise style and settlement basis. During a specified amount of time, responses to the RFQ are received and at the end of that time period, the initiator can decide whether to accept the best bid or offer. The process occurs under the rules of Cboe Options which means that customer transactions are effected according to the principles of a fair and orderly market following trading procedures and policies developed by Cboe Options.

The Exchange believes that sufficient protections are in place to protect against market manipulation of the Funds’ Shares and FLEX Options on the S&P 500 Index for several reasons: (i) The diversity, liquidity, and market cap of the securities underlying the S&P 500 Index; (ii) the competitive quoting process for FLEX Options; (iii) the significant liquidity in the market for options on the S&P 500 Index results in a well-established price discovery process that provides meaningful guideposts for FLEX Option pricing; and (iv) surveillance by the Exchange, Cboe

deposit with banks or savings and loan associations for a stated period of time at a fixed rate of interest; (vi) commercial paper, which are short-term unsecured promissory notes; and (vii) money market funds.

Options<sup>13</sup> and the Financial Industry Regulatory Authority (“FINRA”) designed to detect violations of the federal securities laws and self-regulatory organization (“SRO”) rules. The Exchange has in place a surveillance program for transactions in ETFs to ensure the availability of information necessary to detect and deter potential manipulations and other trading abuses, thereby making the Shares less readily susceptible to manipulation. Further, the Exchange believes that because the assets in each Fund’s portfolio, which are comprised primarily of FLEX Options on the S&P 500 Index, will be acquired in extremely liquid and highly regulated markets,<sup>14</sup> the Shares are less readily susceptible to manipulation.

The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. Trading of the Shares through the Exchange will be subject to the Exchange’s surveillance procedures for derivative products, including Managed Fund Shares. All statements and representations made in this filing regarding (a) the description of the portfolio, reference assets, and index, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange rules shall constitute continued listing requirements for listing the Shares on the Exchange. The issuer has represented to the Exchange that it will advise the Exchange of any failure by a Fund or the related Shares to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will surveil for compliance with the continued listing requirements. If a Fund or the related Shares are not in compliance with the applicable listing requirements, then,

<sup>13</sup> The Exchange notes that Cboe Options is a member of the Option Price Regulatory Surveillance Authority, which was established in 2006, to provide efficiencies in looking for insider trading and serves as a central organization to facilitate collaboration in insider trading and investigations for the U.S. options exchanges. For more information, see <http://www.cboe.com/aboutcboe/legal/departments/orsareg.aspx>.

<sup>14</sup> All exchange-listed securities that the Funds may hold will trade on a market that is a member of the Intermarket Surveillance Group (“ISG”) and the Funds will not hold any non-exchange-listed equities or options, however, not all of the components of the portfolio for the Funds may trade on exchanges that are members of the ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. For a list of the current members of ISG, see [www.isgportal.org](http://www.isgportal.org).

with respect to such Fund or Shares, the Exchange will commence delisting procedures under Exchange Rule 14.12. FINRA conducts certain cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA’s performance under this regulatory services agreement. If a Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures with respect to such Fund under Exchange Rule 14.12.

The Exchange or FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares and exchange-traded options contracts with other markets and other entities that are members of the ISG and may obtain trading information regarding trading in the Shares and exchange-traded options contracts from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares and exchange-traded options contracts from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. In addition, the Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.

As noted above, options on the S&P 500 Index are among the most liquid options in the world and derive their value from the actively traded S&P 500 Index components. The contracts are cash-settled with no delivery of stocks or ETFs, and trade in competitive auction markets with price and quote transparency. The Exchange believes the highly regulated options markets and the broad base and scope of the S&P 500 Index make securities that derive their value from that index less susceptible to market manipulation in view of market capitalization and liquidity of the S&P 500 Index components, price and quote transparency, and arbitrage opportunities.

The Exchange believes that the liquidity of the markets for S&P 500 Index securities, options on the S&P 500 Index, and other related derivatives is sufficiently great to deter fraudulent or manipulative acts associated with the Funds’ Shares price. The Exchange also believes that such liquidity is sufficient to support the creation and redemption mechanism. Coupled with the extensive surveillance programs of the SROs described above, the Exchange does not believe that trading in the Funds’ Shares would present manipulation concerns.

The Exchange represents that, except for the limitations on listed derivatives

in BZX Rule 14.11(i)(4)(C)(iv)(b), the Funds’ proposed investments will satisfy, on an initial and continued listing basis, all of the generic listing standards under BZX Rule 14.11(i)(4)(C) and all other applicable requirements for Managed Fund Shares under Rule 14.11(i). The Trust is required to comply with Rule 10A–3 under the Act for the initial and continued listing of the Shares of the Funds. A minimum of 100,000 Shares will be outstanding at the commencement of trading on the Exchange. In addition, the Exchange represents that the Shares of the Funds will comply with all other requirements applicable to Managed Fund Shares, which includes the dissemination of key information such as the Disclosed Portfolio,<sup>15</sup> Net Asset Value,<sup>16</sup> and the Intraday Indicative Value,<sup>17</sup> suspension of trading or removal,<sup>18</sup> trading halts,<sup>19</sup> surveillance,<sup>20</sup> minimum price variation for quoting and order entry,<sup>21</sup> and the information circular,<sup>22</sup> as set forth in Exchange rules applicable to Managed Fund Shares. Moreover, all of the options contracts held by the Funds will trade on markets that are a member of ISG or affiliated with a member of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. Quotation and last sale information for U.S. exchange-listed options contracts cleared by The Options Clearing Corporation will be available via the Options Price Reporting Authority. RFQ information for FLEX Options will be available directly from Cboe Options. The intraday, closing and settlement prices of exchange-traded options will be readily available from the options exchanges, automated quotation systems, published or other public sources, or online information services such as Bloomberg or Reuters. Price information on cash equivalents is available from major broker-dealer firms or market data vendors, as well as from automated quotation systems, published or other public sources, or online information services.

## 2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act<sup>23</sup> in general and Section 6(b)(5) of the Act<sup>24</sup> in particular in that

<sup>15</sup> See Rule 14.11(i)(4)(A)(ii) and 14.11(i)(4)(B)(ii).

<sup>16</sup> See Rule 14.11(i)(4)(A)(ii).

<sup>17</sup> See Rule 14.11(i)(4)(B)(i).

<sup>18</sup> See Rule 14.11(i)(4)(B)(iii).

<sup>19</sup> See Rule 14.11(i)(4)(B)(iv).

<sup>20</sup> See Rule 14.11(i)(2)(C).

<sup>21</sup> See Rule 14.11(i)(2)(B).

<sup>22</sup> See Rule 14.11(i)(6).

<sup>23</sup> 15 U.S.C. 78f.

<sup>24</sup> 15 U.S.C. 78f(b)(5).

it is 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 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.

The Exchange believes that the proposed rule change is 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 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 in that the Shares will meet each of the initial and continued listing criteria in BZX Rule 14.11(i) with the exception of Rule

14.11(i)(4)(C)(iv)(b), which requires that the aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets shall not exceed 65% of the weight of the portfolio (including gross notional exposures), and the aggregate gross notional value of listed derivatives based on any single underlying reference asset shall not exceed 30% of the weight of the portfolio (including gross notional exposures).<sup>25</sup> Rule 14.11(i)(4)(C)(iv)(b) is intended to ensure that a fund is not subject to manipulation by virtue of significant exposure to a manipulable underlying reference asset by establishing concentration limits among the underlying reference assets for listed derivatives held by a particular fund.

The Exchange believes that sufficient protections are in place to protect against market manipulation of the Funds' Shares and FLEX Options on the S&P 500 Index for several reasons: (i) The diversity, liquidity, and market cap of the securities underlying the S&P 500 Index; (ii) the competitive quoting process for FLEX Options; (iii) the significant liquidity in the market for options on the S&P 500 Index results in a well-established price discovery

<sup>25</sup> As noted above, the Exchange is proposing that each Fund be exempt only from the requirements of Rule 14.11(i)(4)(C)(iv)(b) which prevents the aggregate gross notional value of listed derivatives based on any single underlying reference asset from exceeding 30% of the weight of the portfolio (including gross notional exposures) and the aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets from exceeding 65% of the weight of the portfolio (including gross notional exposures).

process that provides meaningful guideposts for FLEX Option pricing; and (iv) surveillance by the Exchange, Cboe Options and FINRA designed to detect violations of the federal securities laws and SRO rules. The Exchange has in place a surveillance program for transactions in ETFs to ensure the availability of information necessary to detect and deter potential manipulations and other trading abuses, thereby making the Shares less readily susceptible to manipulation. Further, the Exchange believes that because the assets in each Fund's portfolio, which are comprised primarily of FLEX Options on the S&P 500 Index, will be acquired in extremely liquid and highly regulated markets, the Shares are less readily susceptible to manipulation.

The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. Trading of the Shares through the Exchange will be subject to the Exchange's surveillance procedures for derivative products, including Managed Fund Shares. All statements and representations made in this filing regarding (a) the description of the portfolio, reference assets, and index, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange rules shall constitute continued listing requirements for listing the Shares on the Exchange. The issuer has represented to the Exchange that it will advise the Exchange of any failure by a Fund or the related Shares to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will surveil for compliance with the continued listing requirements. If a Fund or the related Shares are not in compliance with the applicable listing requirements, then, with respect to such Fund or Shares, the Exchange will commence delisting procedures under Exchange Rule 14.12. FINRA conducts certain cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement. If a Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures with respect to such Fund under Exchange Rule 14.12.

The Exchange or FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares and exchange-traded options contracts

with other markets and other entities that are members of the ISG and may obtain trading information regarding trading in the Shares and exchange-traded options contracts from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares and exchange-traded options contracts from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. In addition, the Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees. As noted above, options on the S&P 500 Index are among the most liquid options in the world and derive their value from the actively traded S&P 500 Index components. The contracts are cash-settled with no delivery of stocks or ETFs, and trade in competitive auction markets with price and quote transparency. The Exchange believes the highly regulated options markets and the broad base and scope of the S&P 500 Index make securities that derive their value from that index less susceptible to market manipulation in view of market capitalization and liquidity of the S&P 500 Index components, price and quote transparency, and arbitrage opportunities.

The Exchange believes that the liquidity of the markets for S&P 500 Index securities, options on the S&P 500 Index, and other related derivatives is sufficiently great to deter fraudulent or manipulative acts associated with the Funds' Shares price. The Exchange also believes that such liquidity is sufficient to support the creation and redemption mechanism. Coupled with the extensive surveillance programs of the SROs described above, the Exchange does not believe that trading in the Funds' Shares would present manipulation concerns.

The Exchange represents that, except as described above, the Funds will meet and be subject to all other requirements of the Generic Listing Standards and other applicable continued listing requirements for Managed Fund Shares under Rule 14.11(i), including those requirements regarding the Disclosed Portfolio,<sup>26</sup> Intraday Indicative Value,<sup>27</sup> suspension of trading or removal,<sup>28</sup> trading halts,<sup>29</sup> disclosure,<sup>30</sup> and firewalls.<sup>31</sup> The Trust is required to comply with Rule 10A-3 under the Act

<sup>26</sup> See Rule 14.11(i)(4)(B)(ii).

<sup>27</sup> See Rule 14.11(i)(4)(B)(i).

<sup>28</sup> See Rule 14.11(i)(4)(B)(iii).

<sup>29</sup> See Rule 14.11(i)(4)(B)(iv).

<sup>30</sup> See Rule 14.11(i)(6).

<sup>31</sup> See Rule 14.11(i)(7).

for the initial and continued listing of the Shares of each Fund. Moreover, all of the options contracts held by the Funds will trade on markets that are a member of ISG or affiliated with a member of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

For the above reasons, the Exchange believes that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Act. The Exchange notes that the proposed rule change will facilitate the listing and trading of an additional type of Managed Fund Shares that will enhance competition among market participants, to the benefit of investors and the marketplace.

#### *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**

Within 45 days of the date of publication of this notice in the **Federal Register** or 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 self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove the 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, 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](mailto:rule-comments@sec.gov). Please include File Number SR-BatsBZX-2017-72 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-BatsBZX-2017-72. 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-BatsBZX-2017-72 and should be submitted on or before December 13, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>32</sup>

**Eduardo A. Aleman,**

*Assistant Secretary.*

[FR Doc. 2017-25226 Filed 11-21-17; 8:45 am]

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## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-82098; File No. SR-CHX-2017-14]

### **Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to the Plan To Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS**

November 16, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup>, and Rule 19b-4<sup>2</sup> thereunder, notice is hereby given that on November 9, 2017, the Chicago Stock Exchange, Inc. ("CHX" or the "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 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**

CHX proposes to amend the Rules of the Exchange ("CHX Rules") related to the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act (the "Limit Up-Limit Down Plan" or "Plan").<sup>3</sup> The text of this proposed rule change is available on the Exchange's Web site at ([www.chx.com](http://www.chx.com)) and in 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 CHX included statements concerning the purpose of and basis for the proposed rule changes 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 CHX has prepared summaries, set forth in sections A, B and C below, of the most significant aspects of such statements.

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 67091 (May 31, 2012), 77 FR 33498 (June 6, 2012) (the "Limit Up-Limit Down Release").

<sup>32</sup> 17 CFR 200.30-3(a)(12).