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 Section, 100 F Street NE., Washington, DC 20549—1090. Copies of the filing will also be available for inspection and copying at the NYSE’s principal office and on its Internet Web site at www.nyse.com. 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 public. All submissions should refer to File Number SR–NYSEMKT–2015–82 and should be submitted on or before December 1, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.24

Brent J. Fields, Secretary.

FR Doc. 2015–28699 Filed 11–6–15; 11:15 am
BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94–409, that the Securities and Exchange Commission will hold a Closed Meeting on Thursday, November 12, 2015 at 2 p.m. Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the Closed Meeting. Certain staff members who have an interest in the matters also may be present.

The General Counsel of the Commission, or her designee, has certified that, in her opinion, one or more of the exemptions set forth in 5 U.S.C. 552(b)(3), (5), (7), (9)(B) and (10) and 17 CFR 200.402(a)(3), (5), (7), (9)(ii) and (10), permit consideration of the scheduled matter at the Closed Meeting.

Commissioner Aguilar, as duty officer, voted to consider the items listed for the Closed Meeting in closed session.

The subject matter of the Closed Meeting will be:

Institution and settlement of injunctive actions;
Institution and settlement of administrative proceedings; and
Other matters relating to enforcement proceedings.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact the Office of the Secretary at (202) 551–5400.

Dated: November 5, 2015.

Brent J. Fields, Secretary.

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing of a Proposed Rule Change To List and Trade Options That Overlie a Reduced Value of the FTSE China 50 Index

November 4, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),1 and Rule 19b–4 thereunder,2 notice is hereby given that on October 30, 2015, Chicago Board Options Exchange, Incorporated (the “Exchange”),3 incorporated in the People’s Republic of China (PRC) and listed on SEHK, is seeking approval of a proposed rule change to permit the Exchange to list and trade options that overlie a reduced value of the FTSE China 50 Index (the “China 50 Index”). The Change is to permit the Exchange to list and trade options that overlie a reduced value of the FTSE China 50 Index (“China 50 options”). China 50 options would be A.M., cash-settled contracts with European-style exercise.

FTSE China 50 Index Design, Methodology and Dissemination

The FTSE China 50 Index is a free float-adjusted market capitalization index that is designed to measure the performance of 50 of the largest and most liquid Chinese stocks (H Shares,4 Red Chips5 and P Chips6) listed and trading on the Stock Exchange of Hong Kong (SEHK).7

The FTSE China 50 Index was launched on April 19, 2001 and is

1. Purpose

The purpose of this proposed rule change is to permit the Exchange to list and trade options that overlie a reduced value of the FTSE China 50 Index (“China 50 options”). China 50 options would be A.M., cash-settled contracts with European-style exercise.

FTSE China 50 Index Design, Methodology and Dissemination

The FTSE China 50 Index is a free float-adjusted market capitalization index that is designed to measure the performance of 50 of the largest and most liquid Chinese stocks (H Shares,4 Red Chips5 and P Chips6) listed and trading on the Stock Exchange of Hong Kong (SEHK).7

The FTSE China 50 Index was launched on April 19, 2001 and is


3 H Shares are securities of companies incorporated in the People’s Republic of China (PRC) and listed on SEHK. They can only be traded by Chinese investors under the Qualified Domestic Institutional Investors Scheme (QDB). There are no restrictions for international investors.

4 Red Chip companies are incorporated outside the PRC and traded on SEHK. A Red Chip company has at least 30 percent of its shares in aggregate held directly or indirectly by mainland state entities, and at least 50 percent of its revenue or assets derived from mainland China.

5 P Chip companies are incorporated outside the PRC that trade on SEHK. A P Chip is a company that is controlled by Mainland China individuals, with the establishment and origin of the company in Mainland China and at least 50 percent of its revenue or assets derived from mainland China.


The FTSE China 50 Index is calculated by FTSE International Limited (“FTSE”), which is a provider of investment support tools. The FTSE China 50 Index is calculated and published on a real-time basis in Hong Kong dollars during Hong Kong trading hours. The methodology used to calculate the FTSE China 50 Index is similar to the methodology used to calculate the value of other benchmark market-capitalization weighted indexes. Specifically, the FTSE China 50 Index is governed by the FTSE Ground Rules for Specifically, the FTSE China 50 Index is market-capitalization weighted indexes. The index calculates the value of other benchmark options on a real-time basis in Hong Kong dollars. The methodology used to calculate the value of other benchmark companies which have risen or fallen China 50 Index is calculated and monitored and maintained by FTSE. The FTSE China 50 Index is monitored and maintained by FTSE. Adjustments to the FTSE China 50 Index could be made on a daily basis with respect to corporate events and dividends. FTSE views the FTSE China 50 Index quarterly (March, June, September and December) according to rules for inserting and deleting companies that “are designed to provide stability in the selection of constituents of the FTSE China 50 Index while ensuring that the [FTSE China 50] Index continues to be representative of the market by including or excluding those companies which have risen or fallen significantly.”

Real-time data is distributed at least every 15 seconds while the index is being calculated using FTSE’s real-time calculation engine to Bloomberg L.P. (“Bloomberg”), Thomson Reuters (“Reuters”) and other major vendors. End of day data is distributed daily to clients through FTSE as well as through major quotation vendors, including Bloomberg and Reuters.

The Exchange proposes to base trading in options on a fraction of the full size FTSE China 50 Index. In particular, the Exchange proposes to list FTSE China 50 options that are based on one one-hundredth of the value of the FTSE China 50 Index. The Exchange believes that listing options on the reduced value of the index will attract a greater source of customer business than if options were based on the full value of the FTSE China 50 Index. The Exchange further believes that listing options on a reduced value of the FTSE China 50 Index will provide an opportunity for investors to hedge, or speculate on, the market risk associated with the stocks comprising the FTSE China 50 Index. Additionally, by reducing the value of the FTSE China 50 Index, investors will be able to use this trading vehicle while extending a smaller outlay of capital. The Exchange believes this should attract additional investors, and, in turn, create a more active and liquid trading environment.

Initial and Maintenance Listing Criteria

The FTSE China 50 Index meets the definition of a broad-based index as set forth in Rule 24.1(i)(1). In addition, the Exchange proposes to create specific initial and maintenance listing criteria for options on the reduced value of the FTSE China 50 Index. Specifically, the Exchange proposes to add new Interpretation and Policy .02(a) to Rule 24.2, Designation of the Index, to provide that the Exchange may trade China 50 options if each of the following conditions is satisfied: (1) The index is broad-based, as defined in Rule 24.1(i)(1); (2) Options on the index are designated as A.M.-settled index options; (3) The index is capitalization-weighted, price-weighted, modified capitalization-weighted or equal dollar-weighted; (4) The index consists of 45 or more component securities; (5) Each of the component securities of the index will have a market capitalization of greater than $100 million; (6) No single component security accounts for more than fifteen percent (15%) of the weight of the index, and the five highest weighted component securities in the index do not, in aggregate, account for more than fifty percent (50%) of the weight of the index; (7) Non-U.S. component securities (stocks or ADRs) that are not subject to comprehensive surveillance agreements do not, in aggregate, represent more than twenty percent (20%) of the weight of the Index; (8) The Exchange may continue to trade China 50 options after trading in all component securities has closed for the day and the index level is no longer widely disseminated at least once every fifteen (15) seconds by one or more major market data vendors, provided that China 50 futures contracts are trading and prices for those contracts may be used as a proxy for the current index value; (9) The Exchange reasonably believes it has adequate system capacity to support the trading of options on the index, based on a calculation of the Exchange’s current

Footnotes:

7 Summary and comprehensive information about the FTSE China 50 Index methodology may be reviewed at: http://www.ftse.com/products/downloads/FTSE_China_50_Index_English.pdf?154.
8 See id.

Rule 24.1(i)(1) defines a broad-based index to mean an index designed to be representative of a stock market as a whole or of a range of companies in unrelated industries.
believes that the E-Mini FTSE China 50 Index futures prices would be a proxy for the current FTSE China 50 Index level. Therefore, the Exchange believes that China 50 options should be permitted to trade after trading in all component securities has closed for the day and the index level is no longer widely disseminated at least once every fifteen (15) seconds by one or more major market data vendors, provided that E-Mini FTSE China 50 Index future contracts are trading and prices for those contracts may be used as a proxy for the current index value.

Because the FTSE China 50 Index is comprised of 50 of the largest and most liquid Chinese stocks traded on the SEHK, the Exchange believes that the initial listing requirements are appropriate to trade options on this index. In addition, similar to other broad based indexes, the Exchange proposes various maintenance requirements, which require continual compliance and periodic compliance.

Options Trading

Exhibit 3 presents contract specifications for China 50 options.

The contract multiplier for China 50 options would be $100. China 50 options would be quoted in index points, and one point would equal $100. The minimum tick size for series trading below $3 would be 0.05 ($5.00) and at or above $3 will be 0.10 ($10.00).

Initially, the Exchange would list in-, at- and out-of-the-money strike prices. Additional series may be opened for trading as the underlying index level moves up or down. The minimum strike price interval for China 50 options series would be 2.5 points if the strike price is less than 200. When the strike price is 200 or above, strike price intervals would be no less than 5 points.

The Exchange would be permitted to list up to twelve near-term expiration months. The Exchange would also be permitted to list up to ten expirations in Long-Term Option Series (“LEAPS”) on the reduced value of the FTSE China 50 index and the index would be eligible for all other expirations permitted for other broad-based index options, e.g., End of Week/End of Month Expirations, Short Term Option Series and Quarterly Option Series.

The trading hours for China 50 options would be from 8:30 a.m. (Chicago time) to 3:15 p.m. (Chicago time).

Exercise and Settlement

The proposed China 50 options would expire on the third Friday of the expiring month. Trading in expiring China 50 options would cease at 3:15 p.m. (Chicago time) one business day prior (usually a Thursday) to the day on which the exercise-settlement value is calculated (usually a Friday). When the last trading day/expiration date is moved because of an Exchange holiday or closure, the last trading day/expiration date for expiring options would be the immediately preceding business day.

Exercise would result in delivery of cash on the business day following expiration. China 50 options would be A.M.-settled, in that the expiring contract would cease trading on the business day (usually a Thursday) before the expiration date (generally a Friday). The exercise settlement value would be one-hundredth (1/100th) of the official closing value of the FTSE China 50 Index as reported by FTSE on the last trading day of the expiring contract, which occurs between approximately 3:00 a.m. and 4:00 a.m. (Chicago time).

Margin

The Exchange proposes that China 50 options be margined as “broad-based index” options, and under CBOE rules, especially Rule 12.3(c)(5)(A), the margin requirement for a short put or call shall be 100% of the current market value of the contract plus 15% of the “product of the current index group value and the applicable index multiplier,” reduced by any out-of-the-money amount. There would be a minimum margin requirement of 100% of the current market value of the contract plus 10% of the aggregate put exercise price amount in the case of puts, and 10% of the product of the current index group value and the applicable index multiplier in the case of calls. Additional margin may be required pursuant to Rules 12.3(b) and 12.10 (Margin Required is Minimum).

The Exchange believes that FTSE China 50 Index options are an eligible product for portfolio margining under CBOE Rule 12.4. Accordingly, the last day of trading continues to be the business day preceding the last day of trading in the underlying securities prior to expiration because the business day preceding the last day of trading in the underlying securities is (generally) Thursday Chicago time and the last day of trading in the underlying securities is (generally) Friday Chicago time.
Exchange proposes that FTSE China 50 Index options be allowed in portfolio margin accounts. In the portfolio margining construct, a Class Group for the FTSE China 50 Index already exists and it is contained within the China Indexes Product Group. This Product Group is a non-high capitalization, broad-based index Product Group. In portfolio margin accounts, the assumed market moves currently utilized in the China Indexes Product Group (which would not be changing) are −10%/+10%, with a 100% offset of gains and losses between all products in the same Class Group. There is a 90% offset of gains and losses between Class Groups.22 Exchange Rules Applicable

Except as modified herein, the rules in Chapters I through XIX, XXIV, XXIVA, and XXIVB would equally apply to China 50 options. China 50 options would be subject to the same rules that currently govern other CBOE index options, including sales practice rules,23 margin requirements24 and trading rules.25

The Exchange hereby designates China 50 options as eligible for trading as Flexible Exchange Options as provided for in Chapters XXIVA (Flexible Exchange Options) and XXIVB (FLEX Hybrid Trading System).26

Surveillance and Capacity

The Exchange represents that it has an adequate surveillance program in place for China 50 options and intends to use the same surveillance procedures currently utilized for each of the Exchange’s other index options to monitor trading in China 50 options.

The Exchange is a member of the Intermarket Surveillance Group (“ISG”), which “is comprised of an international group of exchanges, market centers, and market regulators.”27 The purpose of the ISG is to provide a framework for the sharing of information and the coordination of regulatory efforts among exchanges trading securities and related products to address potential intermarket manipulations and trading abuses. The ISG plays a crucial role in information sharing among markets that trade securities, options on securities, security futures products, and futures and options on broad-based security indexes. A list identifying the current ISG members is available at: https://www.isgportal.org/about/

The Exchange is also an affiliate member of the International Organization of Securities Commissions (“IOSCO”), which has members from over 100 different countries. The Hong Kong Securities and Futures Commission, the regulator of the market on which the constituent securities trade, is also a member of IOSCO.28 A list identifying the current ordinary IOSCO members is available at: http://www.iosco.org/about/

Finally, the Exchange has entered into various comprehensive surveillance agreements (“CSAs”) and/or Memoranda of Understanding with various stock exchanges, including the Stock Exchange of Hong Kong. Given the capitalization of the FTSE China 50 Index and the deep and liquid markets for the securities underlying the Index, the concerns for market manipulation and/or disruption in the underlying markets are greatly reduced.

The Exchange notes that FTSE China 50 ETFs, such as the iShares China Large-Cap ETF (FXI), are actively traded products. CBOE also lists options overlying those ETFs (FXI options) and those options are actively traded as well.

CBOE has analyzed its capacity and represents that it believes the Exchange and the Options Price Reporting Authority (“OPRA”) have the necessary systems capacity to handle the additional traffic associated with the listing of new series that would result from the introduction of China 50 options. Because the proposal is limited to one new class, the Exchange believes that the additional traffic that would be generated from the introduction of China 50 options would be manageable.

2. Statistical 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.29 Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)30 requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to remove impediments to and to perfect the mechanism for 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 will further the Exchange’s goal of introducing new and innovative products to the marketplace. Currently, the Exchange believes that there is unmet market demand for exchange-listed options listed on this popular cash index. As described above, the iShares China Large-Cap ETF is an actively traded product, as are the options on that ETF. The FTSE China 50 Index Futures are listed for trading on CME. As a result, CBOE believes that China 50 options are designed to provide different and additional opportunities for investors to hedge or speculate on the market risk on the FTSE China 50 Index by listing an option directly on the FTSE China 50 Index.

The Exchange believes that the FTSE China 50 Index is not easily susceptible to manipulation. The index is a broad-based index and has high market capitalization. The FTSE China 50 Index is comprised of 50 of the largest and most liquid Chinese stocks traded on the SEHK and no single component comprises more than 15% of the index, making it not easily subject to market manipulation.

Additionally, the iShares China Large-Cap ETF is an actively traded product, as are options on that ETF. Because the index has 50 of the largest and most liquid Chinese stocks that trade on the

22 A table detailing the currently existing portfolio margining Product Groups and their component class groups can be found at http://www.optionsclearing.com/components/docs/risk-management/cpm/cpm.parameters.pdf.

23 See Chapter IX (Doing Business with the Public).

24 See Chapter XII (Margins).

25 See e.g., Chapters IV (Business Conduct), VI (Doing Business on the Exchange Floor), Chapter VIII (Market-Makers, Trading Crowds and Modified Trading Systems) and Chapter XXIV (Index Options).

26 See proposed amendments to Rules 24A.7, Position Limits and Reporting Requirements, and 24B.7, Position Limits and Reporting Requirements, providing that the position limits for FLEX Index options on the FTSE China 50 Index would be equal to the position limits for Non-FLEX options on the Index. Per existing Rules 24A.8, Exercise Limits, and 24B.8, Exercise Limits, the exercise limits for FLEX China 50 options would be equivalent to the position limits for FLEX China 50 options.


28 There are three categories of IOSCO members: Ordinary, associate and affiliate. In general, the ordinary members (124) are the national securities commissions in their respective jurisdictions. Associate members (17) are usually agencies or branches of government, other than the principal national securities regulator in their respective jurisdictions that have some regulatory competence over securities markets, or intergovernmental international organizations and other international standard-setting bodies, such as the IMF and the World Bank, with a mission related to either the development or the regulation of securities markets. Affiliate members (64) are self-regulatory organizations, stock exchanges, financial market infrastructures, investor protection funds and compensation funds, and other bodies with an appropriate interest in securities regulation. See IOSCO Fact Sheet located at: http://www.iosco.org/about/pdf/IOSCO-Fact-Sheet.pdf.


SEHK and trade a large volume with respect to ETFs and options on those ETFs, the Exchange believes that the initial listing requirements are appropriate to trade options on the index. In addition, similar to other broad-based indexes, the Exchange proposes to adopt various maintenance criteria, which would require continual compliance and periodic compliance.

China 50 options would be subject to the same rules that currently govern other CBOE index options, including sales practice rules, margin requirements and trading rules. The Exchange would apply the same default position limits for broad-based index options to China 50 options. Specifically, the applicable position limits would be 25,000 contracts (standard limit) and 15,000 contracts (near-term limit). The exercise limit for China 50 options would be equivalent to the position limit for China 50 options. These same position and exercise limits would apply to FLEX trading. All position limit hedge exemptions would apply. The Exchange would apply existing index option margin requirements for the purchase and sale of China 50 options.

The Exchange represents that it has an adequate surveillance program in place for China 50 options. The Exchange also represents that it has the necessary systems capacity to support the new option series.

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

CBOE does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Specifically, CBOE believes that the introduction of new cash index options will enhance competition among market participants and will provide a new type of options to compete with domestic products such as FXI options, E-Mini FTSE China 50 Index Future and European-traded derivatives on the FTSE China 50 Index 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

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

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

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

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

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, 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–2015–099 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–2015–099. 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; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–CBOE–2015–099 and should be submitted on or before December 1, 2015.

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

Brent J. Fields,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Requiring Certain ETP Holders To Participate in Business Continuity and Disaster Recovery Plans Testing in Connection With Regulation Systems Compliance and Integrity

November 4, 2015.

Pursuant to Section 19(b)(1)1 of the Securities Exchange Act of 1934 (the “Act”) and Rule 19b–4 thereunder, notice is hereby given that, on October 26, 2015, NYSE Arca, Inc. (the “Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.