SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon Written Request, Copies Available

Extension:
Rule 19d–1, SEC File No. 270–242, OMB Control No. 3235–0206.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) ("PRA"), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget ("OMB") a request for approval of extension of the previously approved collection of information provided for in Rule 19d–1 (17 CFR 240.19d–1) under the Securities Exchange Act of 1934 (17 U.S.C. 78s et seq.) ("Exchange Act"). Rule 19d–1 prescribes the form and content of notices to be filed with the Commission by self-regulatory organizations ("SROs") for which the Commission is the appropriate regulatory agency concerning the following final SRO actions: (1) Disciplinary actions with respect to any person; (2) denial, bar, prohibition, or limitation of membership, participation or association with a member or of access to services offered by an SRO or a member thereof; (3) summarily suspending a member, participant, or person associated with a member, or summarily limiting or prohibiting any persons with respect to access to or services offered by the SRO or a member thereof; and (4) delisting a security.

The Rule enables the Commission to obtain reports from the SROs containing information regarding SRO determinations to delist a security, discipline members or associated persons of members, deny membership or association with a member, and similar adjudicated findings. The Rule requires that such actions be promptly reported to the Commission. The Rule also requires that the reports and notices supply sufficient information regarding the background, factual basis and issues involved in the proceeding to enable the Commission: (1) To determine whether the matter should be called up for review on the Commission’s own motion; and (2) to ascertain generally whether the SRO has adequately carried out its responsibilities under the Exchange Act. It is estimated that approximately eighteen respondents will utilize this application procedure annually, with a total burden of approximately 2,250 hours, based upon past submissions. This figure is based on eighteen respondents, spending approximately 125 hours each per year. It is estimated that each respondent will submit approximately 250 responses. Commission staff estimates that the average number of hours necessary to comply with the requirements of Rule 19d–1 for each submission is 0.5 hours. The average cost per hour, per each submission is approximately $101. Therefore, it is estimated that the internal labor cost of compliance for all respondents is approximately $227,250 (18 respondents x 250 responses per respondent x 0.5 hours per response x $101 per hour).

The filing of notices pursuant to Rule 19d–1 is mandatory for the SROs, but does not involve the collection of confidential information. Rule 19d–1 does not have a record retention requirement.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

The public may view background documentation for this information collection at the following Web site, www.reginfo.gov. Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503 or by sending an email to: Shagufta.Ahmed@omb.eop.gov; and (ii) Pamela C. Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street NE., Washington, DC 20549, or by sending an email to: PRA_Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

Dated: April 28, 2016.

Robert W. Errett,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to FLEX Options Pilot Program

April 29, 2016.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),1 and Rule 19b–4 thereunder,2 notice is hereby given that on April 15, 2016, Chicago Board Options Exchange, Incorporated (the “Exchange” or “CBOE”) filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which items have been prepared by the Exchange. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act3 and Rule 19b–4(f)(6)4 thereunder.5 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 extend the operation of its Flexible Exchange Options ("FLEX Options") pilot program through May 3, 2017.6 The text of the proposed rule change is provided below.

[additions are italicized; deletions are [bracketed]]

* * * * *

Chicago Board Options Exchange, Incorporated Rules

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Rule 24A.4. Terms of FLEX Options No change.

5 FLEX Options provide investors with the ability to customize basic option features including size, expiration date, exercise style, and certain exercise prices. FLEX Options can be FLEX Index Options or FLEX Equity Options. In addition, other products are permitted to be traded pursuant to the FLEX trading procedures. For example, credit options are eligible for trading as FLEX Options pursuant to the FLEX rules in Chapters XXIV A and XXIV B. See CBOE Rules 24A.1(e) and (f), 24A.4(b)(1) and (c)(1), 24B.1(f) and (g), 24B.4(b)(1) and (c)(1), and 29.18. The rules governing the trading of FLEX Options on the FLEX Request for Quote ("RFQ") System platform are contained in Chapter XXIV A. The rules governing the trading of FLEX Options on the FLEX Hybrid Trading System platform are contained in Chapter XXIV B.
Options. The Exchange has extended the pilot period five times, which is currently set to expire on the earlier of May 3, 2016 or the date on which the pilot program is approved on a permanent basis. The purpose of this rule change filing is to extend the pilot program through the earlier of May 3, 2017 or the date on which the pilot program is approved on a permanent basis. This filing simply seeks to extend the operation of the pilot program and does not propose any substantive changes to the pilot program.

Under Rules 24A.4, Terms of FLEX Options, and 24B.4, Terms of FLEX Options, a FLEX Option may expire on any business day specified as to day, month and year, not to exceed a maximum term of fifteen years. In addition, the exercise settlement value for a FLEX Index Option can be specified as the index value determined by reference to the reported level of the index as derived from the opening or closing prices of the component securities (“a.m. settlement” or “p.m. settlement,” respectively) or as a specified average, provided that the average index value must conform to the averaging parameters established by the Exchange. However, prior to the initiation of the exercise settlement values pilot, only a.m. settlements were permitted if a FLEX Index Option expired on, or within two business days of, a third Friday-of-the-month expiration (“Expiration Friday”).

Under the exercise settlement values pilot, this restriction on p.m. and specified average price settlements in FLEX Index Options was eliminated. The exercise settlement values pilot is currently set to expire on the earlier of May 3, 2016 or the date on which the pilot program is approved on a permanent basis.

CBOE is proposing to extend the pilot program through the earlier of May 3, 2017 or the date on which the pilot program is approved on a permanent basis. CBOE believes the pilot program has been successful and well received by its Trading Permit Holders and the investing public for the period that it has been in operation as a pilot. In support of the proposed extension of the pilot program, and as required by the pilot program’s Approval Order, the Exchange has submitted to the Securities and Exchange Commission (the “Commission”) pilot program reports regarding the pilot, which detail the Exchange’s experience with the program. Specifically, the Exchange provided the Commission with annual reports analyzing volume and open interest for each broad-based FLEX Index Options class overlying an Expiration Friday, p.m.-settled FLEX Index Options series. The annual reports also contained information and analysis of FLEX Index Options trading volumes and open interest for each broad-based FLEX Index Options class overlying an Expiration Friday, p.m.-settled FLEX Index Options series.

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

On January 28, 2010, the Exchange received approval of a rule change that, among other things, established a pilot program regarding permissible exercise settlement values for FLEX Index Options. The Exchange has extended the pilot period five times, which is currently set to expire on the earlier of May 3, 2016 or the date on which the pilot program is approved on a permanent basis. The purpose of this rule change filing is to extend the pilot program through the earlier of May 3, 2017 or the date on which the pilot program is approved on a permanent basis. This filing simply seeks to extend the operation of the pilot program and does not propose any substantive changes to the pilot program.

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CBOE is proposing to extend the pilot program through the earlier of May 3, 2017 or the date on which the pilot program is approved on a permanent basis. CBOE believes the pilot program has been successful and well received by its Trading Permit Holders and the investing public for the period that it has been in operation as a pilot. In support of the proposed extension of the pilot program, and as required by the pilot program’s Approval Order, the Exchange has submitted to the Securities and Exchange Commission (the “Commission”) pilot program reports regarding the pilot, which detail the Exchange’s experience with the program. Specifically, the Exchange provided the Commission with annual reports analyzing volume and open interest for each broad-based FLEX Index Options class overlying an Expiration Friday, p.m.-settled FLEX Index Options series. The annual reports also contained information and analysis of FLEX Index Options trading volumes and open interest for each broad-based FLEX Index Options class overlying an Expiration Friday, p.m.-settled FLEX Index Options series.
patterns. The Exchange also provided the Commission, on a periodic basis, interim reports of volume and open interest. In providing the pilot reports to the Commission, the Exchange has requested confidential treatment of the pilot reports under the Freedom of Information Act (“FOIA”). The confidentiality of the pilot reports is subject to the provisions of FOIA.

The Exchange believes there is sufficient investor interest and demand in the pilot program to warrant its extension. The Exchange believes that, for the period that the pilot has been in operation, the program has provided investors with additional means of managing their risk exposures and carrying out their investment objectives. Furthermore, the Exchange believes that it has not experienced any adverse market effects with respect to the pilot program, including any adverse market volatility effects that might occur as a result of large FLEX exercises in FLEX Option series that expire near Non-FLEX expirations and use a p.m. settlement.

In that regard, based on the Exchange’s experience in trading FLEX Options to date and over the pilot period, CBOE continues to believe that the restrictions on exercise settlement values are no longer necessary to insulate Non-FLEX expirations from the potential adverse market impacts of FLEX expirations. To the contrary, CBOE believes that the restriction actually places the Exchange at a competitive disadvantage to its OTC counterparts in the market for customized options, and unnecessarily limits market participants’ ability to trade in an exchange environment that offers the added benefits of transparency, price discovery, liquidity, and financial stability.

The Exchange also notes that certain position limit, aggregation and exercise limit requirements continue to apply to FLEX Index Options in accordance with Rules 24A.7, Position Limits and Reporting Requirements, 24A.8, Exercise Limits, 24B.7, Position Limits and Reporting Requirements, and 24B.8, Exercise Limits. Additionally, all FLEX Options remain subject to the position reporting requirements in paragraph (a) of CBOE Rule 4.13, Reports Related to Position Limits.

Moreover, the Exchange and its Trading Permit Holder organizations each have the authority, pursuant to CBOE Rule 12.10, Margin Required is Minimum, to impose additional margin as deemed advisable. CBOE continues to believe these existing safeguards serve sufficiently to help monitor open interest in FLEX Option series and significantly reduce any risk of adverse market effects that might occur as a result of large FLEX exercises in FLEX Option series that expire near Non-FLEX expirations and use a p.m. settlement.

CBOE is also cognizant of the OTC market, in which similar restrictions on exercise settlement values do not apply. CBOE continues to believe that the pilot program is appropriate and reasonable and provides market participants with additional flexibility in determining whether to execute their customized options in an exchange environment or in the OTC market. CBOE continues to believe that market participants benefit from being able to trade these customized options in an exchange environment in several ways, including, but not limited to, enhanced efficiency in initiating and closing out positions, increased market transparency, and heightened contra-party creditworthiness due to the role of the Options Clearing Corporation as issuer and guarantor of FLEX Options.

If, in the future, the Exchange proposes an additional extension of the pilot program, or should the Exchange propose to make the permanent, the Exchange will submit, along with any filing proposing such amendments to the pilot program, an annual report (addressing the same areas referenced above and consistent with the pilot program’s Approval Order) to the Commission at least two months prior to the expiration date of the program. The Exchange will continue, on a periodic basis, to submit interim reports of volume and open interest consistent with the terms of the exercise settlement values pilot program as described in the pilot program’s Approval Order. All such pilot reports would continue to be provided by the Exchange along with a request for confidential treatment under FOIA. As noted in the pilot program’s Approval Order, any positions established under the pilot program would not be impacted by the expiration of the pilot program.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act

Footnotes:

13 See supra note 7 (sic) and surrounding discussion. If the Exchange seeks permanent approval of the pilot program, the Exchange recognizes that certain information in the pilot reports may need to be made available on a public basis.

14 For example, a position in a p.m.-settled FLEX Index Option series that expires on Expiration Friday in January 2018 could be established during the exercise settlement values pilot. If the pilot program were not extended (or made permanent), then the position could continue to exist. However, the Exchange notes that any further trading in the series would be restricted to transactions where at least one side of the trade is a closing transaction.

See Approval Order at footnotes 9 and 10, supra note 2 (sic).
and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act. 17 Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) 18 requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) 19 requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that the proposed extension of the pilot program, which permits additional exercise settlement values, would provide greater opportunities for investors to manage risk through the use of FLEX Options. Further, the Exchange believes that it has not experienced any adverse effects from the operation of the pilot program, including any adverse market volatility effects that might occur as a result of large FLEX exercises in FLEX Option series that expire near Non-FLEX expirations and use a p.m. settlement. The Exchange also believes that the extension of the exercise settlement values pilot does not raise any unique regulatory concerns. In particular, although p.m. settlements may raise questions with the Commission, the Exchange believes that, based on the Exchange’s experience in trading FLEX Options to date and over the pilot period, market impact and investor protection concerns will not be raised by this rule change. The Exchange also believes that the proposed rule change would continue to provide Trading Permit Holders and investors with additional opportunities to trade customized options in an exchange environment (which offers the added benefits of transparency, price discovery, liquidity, and financial stability as compared to the over-the-counter market) and subject to exchange-based rules, and investors would benefit as a result.

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

CBOE does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes there is sufficient investor interest and demand in the pilot program to warrant its extension. The Exchange believes that, for the period that the pilot has been in operation, the program has provided investors with additional means of managing their risk exposures and carrying out their investment objectives. Furthermore, the Exchange believes that it has not experienced any adverse market effects with respect to the pilot program, including any adverse market volatility effects that might occur as a result of large FLEX exercises in FLEX Option series that expire near Non-FLEX expirations and use a p.m. settlement. CBOE believes that the restriction actually places the Exchange at a competitive disadvantage to its OTC counterparts in the market for customized options, and unnecessarily limits market participants’ ability to trade in an exchange environment that offers the added benefits of transparency, price discovery, liquidity, and financial stability. Therefore, the Exchange does not believe that the proposed rule change will impose any burden on competition.

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

The Exchange neither solicited nor received comments on the proposed rule change.

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

Because the 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 if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission should take such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission’s Internet comment form (http://www.sec.gov/rules/sro.shtml); or

A proposed rule change filed under Rule 19b–4(f)(6) 22 normally does not become operative for 30 days after the date of filing. However, pursuant to Rule 19b–4(f)(6)(iii), 23 the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange states that such waiver will allow the Exchange to extend the pilot program prior to its expiration on May 3, 2016, and maintain the status quo, thereby reducing market disruption.

The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Waiver of the operative delay will allow the Exchange to extend the pilot program prior to its expiration on May 3, 2016, which will ensure that the program continues to operate uninterrupted. Therefore, the Commission hereby waives the 30-day operative delay and designates the proposed rule change to be operative upon filing with the Commission. 24

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

24 For purposes only of waiving the operative delay for this proposal, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).
SUMMARY: The U.S. Small Business Administration (SBA) announces the 2016 Growth Accelerator Fund Competition, pursuant to the America Competes Act, to identify the nation's most innovative accelerators and similar organizations and award them cash prizes they may use to fund their operations costs and allow them to bring startup companies to scale and new ideas to life.

DATES: The submission period for entries begins 12:00 p.m. EDT, May 2, 2016 and ends June 3, 2016 at 11:59 p.m. EDT. Winners will be announced no later than August 24, 2016.

FOR FURTHER INFORMATION CONTACT: Nareg Sagherian, Office of Investment and Innovation, U.S. Small Business Administration, 409 Third Street SW., 6th Floor, Washington, DC 20416, (202) 205–7576, accelerators@sba.gov.

SUPPLEMENTARY INFORMATION:

Competition Details

1. Subject of Competition: The SBA is seeking to identify the nation’s most innovative and promising small business accelerators and incubators in order to infuse them with additional resource capital that ultimately stimulates the growth and development of startups from within the entrepreneurial communities they serve. For the purposes of this competition, Growth Accelerators include accelerators, incubators, co-working startup communities, shared tinker-spaces or other models to accomplish similar goals. Regardless of the specific model employed, Growth Accelerators focus on helping entrepreneurs and their startups speed the launch, growth and scale of their businesses. A broad set of models used to support start-ups will better serve the entire entrepreneurial ecosystem. Whether an accelerator is industry focused, technology focused, product centric, cohort based or more long term, all are valuable players in the nation’s high-growth entrepreneurial ecosystem that ultimately creates jobs.

2. Eligibility Rules for Participating in the Competition: This Competition is open only to private entities, such as corporations or non-profit organizations that are incorporated in and maintain a primary place of business in the United States. Entities that have an outstanding, unresolved financial obligation to, or that are currently suspended or debarred by, the federal government are not eligible for this Competition. Federal, state, local and tribal agencies are also not eligible for this Competition. Additionally, participants in this Competition must utilize models of operation that include most, if not all, of the following elements:

- Selective process to choose participating startups.
- Regular networking opportunities offered to startups.
- Introductions to customers, partners, suppliers, advisory boards and other players.
- High-growth and tech-driven startup mentorship and commercialization assistance.
- Shared working environments focused on building a strong startup community.
- Resource sharing and co-working arrangements for startups.
- Opportunities to pitch ideas and startups to investors along with other capital formation avenues to startups.
- Small amounts of angel money, seed capital or structured loans to startups.
- Service to underserved communities, such as women, veterans, and economically disadvantaged individuals.

3. Registration Process for Participants: Competition participants must submit their 2016 Growth Accelerator Fund applications online using the link designated for that purpose on challenge.gov, either by filtering search criteria to “Small Business Administration” or going to sba.gov/accelerators, where the link will be posted. In addition to the basic details collected in that short application form, contestants must also complete and submit via challenge.gov a deck, similar to one that would be used in a pitch competition, which must address all of the items identified below:

Mission and Vision

- What is your accelerator’s mission in one sentence?
- What specific elements make your accelerator model stand out?
- What experiences prepare your team for this?

Impact

- What gaps does or will your accelerator fill?
- What are the specifics of your model and how it will accomplish the above?
- For existing accelerators, what has been your success/metrics so far?
- For existing accelerators, please explain your overall statistics of the start-up life cycle?

Implementation

- What is your plan for the prize money if you win?
- If you are an existing accelerator using the funds to scale up, provide...