

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 facilitation 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)<sup>12</sup> 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 Program has been successful to date and states that it has not encountered any problems with the Program. The proposed rule change allows for an extension of the Program for the benefit of market participants. Additionally, the Exchange believes that there is demand for the expirations offered under the Program and believes that that Weekly Expirations and EOMs will continue to provide the investing public and other market participants increased opportunities to better manage their risk exposure.

#### *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. Specifically, the Exchange believes that, by extending the expiration of the Program, the proposed rule change will allow for further analysis of the Program and a determination of how the Program shall be structured in the future. In doing so, the proposed rule change will also serve to promote regulatory clarity and consistency, thereby reducing burdens on the marketplace and facilitating investor protection.

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

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

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

Because the foregoing proposed rule change does not:

A. Significantly affect the protection of investors or the public interest;

B. impose any significant burden on competition; and

C. become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>13</sup> and Rule 19b-4(f)(6)<sup>14</sup> thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

### **IV. Solicitation of Comments**

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

#### *Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-CBOE-2017-026 on the subject line.

#### *Paper Comments*

• Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090. All submissions should refer to File Number SR-CBOE-2017-026. 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-2017-026 and should be submitted on or before May 3, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>15</sup>

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

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## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-80385; File No. SR-CBOE-2017-014]

### **Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Approving Proposed Rule Change Related to Rule 24.9(e)**

April 6, 2017.

#### **I. Introduction**

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") filed with the Securities and Exchange Commission ("Commission") a proposed rule change to amend the operation of its nonstandard expirations pilot program on February 13, 2017. The proposed rule change was published for comment in the **Federal Register** on February 21, 2017.<sup>3</sup> No comment letters were received in response to this proposal. This order approves the proposed rule changes.

#### **II. Description of the Proposed Rule Change**

The proposed rule change amended the nonstandard expirations pilot

<sup>15</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.

<sup>3</sup> See Securities Exchange Act Release No. 80037 (Feb. 14, 2017), 82 FR 11290 (SR-CBOE-2017-014) ("Notice").

<sup>12</sup> *Id.*

<sup>13</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>14</sup> 17 CFR 240.19b-4(f)(6).

program set forth in CBOE Rule 24.9(e) (the “Pilot Program”) to permit the Exchange to list weekly and monthly expirations non-consecutively.

In its filing, the Exchange explained that the Pilot Program initially permitted CBOE to list P.M.-settled “end-of-week” options on broad-based indexes that expire on any Friday of the month, other than the third Friday of the month (“EOWs”), and “end of month” options that expire on the last trading day of the month (“EOMs”).<sup>4</sup> The Pilot Program was later expanded to allow CBOE to list P.M.-settled options on broad-based indexes that expire on any Wednesday of the month (“WEDs”) and any Monday of the month (“MONs”).<sup>5</sup> The Pilot Program permits the Exchange to list, for any given class, the maximum number of expirations permitted by CBOE Rule 24.9(a)(2) for standard options on the same broad-based index.<sup>6</sup> For example, the Exchange stated that MONs, WEDs, EOWs and EOMS in the S&P 500 Index options class (“SPX”) may each have up to twelve expirations under the Pilot Program (*i.e.*, a total of 48 expirations),<sup>7</sup> although the Exchange represented that it does not currently choose to list all such expirations.<sup>8</sup> Rather, the Exchange explained that it introduces expirations as customer demand dictates and typically lists four MONs, six WEDs, and seven EOWs in SPX options at a time.<sup>9</sup>

The Exchange noted, however, that MONs, WEDs, and EOWs (collectively, “Weekly Expirations”) currently must be listed for consecutive Monday, Wednesday, or Friday expirations, as applicable.<sup>10</sup> Similarly, EOM expirations currently must be listed for consecutive month-end dates.<sup>11</sup> The Exchange indicated that it had received repeated customer interest to list

Weekly Expirations and EOMs that expire in the mid-term—as opposed to the short-term expirations set forth in the Exchange’s current listing schedule<sup>12</sup>—in order to provide a potential financial hedge for impactful economic events.<sup>13</sup> The Exchange therefore proposed to amend its Pilot Program to eliminate the consecutive expiration restriction for the listing of Weekly Expirations and EOMs.<sup>14</sup>

While CBOE could currently add more consecutive expirations to its listing schedule in order to provide some amount of mid-term coverage, the Exchange represented that customer demand is for expirations near a certain future economically impactful event (*e.g.*, a national election)—not for every expiration between the current date and that particular event.<sup>15</sup> For that reason, the Exchange believed the marketplace would be better served by allowing CBOE to list Weekly Expirations or EOMs non-consecutively, instead of listing all Weekly Expirations or EOMs consecutively in order to reach a certain date.<sup>16</sup> The Exchange indicated that this approach would allow CBOE to list fewer expirations because it could exclude those with less customer demand, which it believed would limit potential burdens on liquidity providers to quote in the relevant option classes.<sup>17</sup> The Exchange also asserted that non-consecutive expirations would expand the hedging tools available to market participants, allowing them to tailor their investment or hedging needs more effectively.<sup>18</sup>

The Exchange highlighted the limited scope of the proposed rule change. It pointed out that CBOE currently only lists nonstandard expirations in three classes: S&P 500 Index options under symbol SPXW, CBOE Mini S&P 500 Index options under symbol XSP, and Russell 2000 Index options under symbol RUTW.<sup>19</sup> Furthermore, the Exchange noted that CBOE only lists MONs and WEDs in SPXW; EOWs in SPXW, RUTW, and XSP; and EOMs in SPXW and RUTW.<sup>20</sup> The Exchange therefore believed the proposed rule change would not affect most options

classes.<sup>21</sup> Moreover, the Exchange anticipated that the proposed rule change would have a limited effect on the three classes that are listed under the Pilot Program. The Exchange expressed its belief that the vast majority of expirations would continue to be listed consecutively because the majority of trading interest is in the short-term weeks.<sup>22</sup> The Exchange also explained that even non-consecutively listed expirations would eventually fall in line with CBOE’s regular listing schedule as consecutive weekly or monthly expirations are added.<sup>23</sup>

The Exchange further noted that the proposed rule change would not affect the number of expirations permitted under the Pilot Program, as it would still limit the maximum number of expirations that may be listed for each Weekly Expiration and EOMs in a given class to the maximum number of expirations permitted by CBOE Rule 24.9(a)(2) for standard options on the same broad-based index.<sup>24</sup> Similarly, the Exchange clarified that the proposed rule change would not affect the maximum duration (*i.e.*, the maximum time from listing to expiration) of Weekly Expirations or EOMs, and it proposed to specify in CBOE Rule 24.9(e)(1) and (2) that the expiration date of a non-consecutive expiration may not be beyond what would be considered the last expiration date if the maximum number of expirations were listed consecutively.<sup>25</sup> By way of example, the Exchange explained that listing all twelve WEDs consecutively in SPXW would result in the twelfth WED expiration occurring 11 weeks from the nearest-term expiration.<sup>26</sup> Assuming that the nearest-term WED expiration occurred on February 8, 2017, the Exchange stated that the twelfth expiration would occur on April 26, 2017.<sup>27</sup> It then explained that, under the proposed rule, a non-consecutively listed WED could not have an expiration date later than April 26, 2017 in that example.<sup>28</sup> Thus, the only difference identified by the Exchange between the current rule and the proposed rule is that the current rule would require CBOE to list all twelve expirations in order to list the April 26, 2017 expiration; under the proposed rule,

<sup>4</sup> See Notice, *supra* note 3, at 11290; see also Securities Exchange Act Release No. 62911 (Sept. 14, 2010), 75 FR 57539 (Sept. 21, 2010) (SR-CBOE-2009-075) (order approving the establishment of the nonstandard expirations pilot program).

<sup>5</sup> See Notice, *supra* note 3, at 11290–91. See also Securities Exchange Act Release No. 76909 (Jan. 14, 2016), 81 FR 3512 (Jan. 21, 2016) (SR-CBOE-2015-106) (order approving the inclusion of WEDs in the Pilot Program); Securities Exchange Act Release No. 78531 (Aug. 10, 2016), 81 FR 54643 (Aug. 16, 2016) (SR-CBOE-2016-046) (order approving the inclusion of MONs in the Pilot Program).

<sup>6</sup> See Notice, *supra* note 3, at 11291; CBOE Rule 24.9(e)(1)–(2).

<sup>7</sup> See Notice, *supra* note 3, at 11291; see also CBOE Rule 24.9(a)(2) (specifying that the Exchange may list up to twelve standard monthly expirations at any one time for any class—like SPX—that the Exchange uses to calculate a volatility index).

<sup>8</sup> See Notice, *supra* note 3, at 11291.

<sup>9</sup> See *id.*

<sup>10</sup> See *id.*; see also CBOE Rule 24.9(e)(1).

<sup>11</sup> See Notice, *supra* note 3, at 11291; see also CBOE Rule 24.9(e)(2).

<sup>12</sup> See *supra* note 9 and accompanying text. The Exchange pointed out that it separately provides long-term expirations through its Long-Term Index Option Series program (“LEAPS”). See Notice, *supra* note 3, at 11291; CBOE Rule 24.9(b)(1) (providing that LEAPS may expire twelve to 180 months from the date of issuance).

<sup>13</sup> See Notice, *supra* note 3, at 11291.

<sup>14</sup> See *id.*

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

<sup>21</sup> *Id.*

<sup>22</sup> *Id.*

<sup>23</sup> *Id.*

<sup>24</sup> *Id.*; see CBOE Rule 24.9(e)(1)–(2).

<sup>25</sup> See Notice, *supra* note 3, at 11291–92.

<sup>26</sup> The Exchange noted that its example assumes that there are no EOMs that coincide with the WEDs in SPXW, in which case CBOE would list an EOM instead of a WED. See *id.*

<sup>27</sup> See Notice, *supra* note 3, at 11292.

<sup>28</sup> *Id.*

CBOE could list the April 26, 2017 expiration without listing any or only some of the other WEDs expirations.<sup>29</sup>

Finally, the Exchange assured the Commission that its annual Pilot Program report will include any Weekly Expirations and EOMs, regardless of whether the expirations are listed consecutively or non-consecutively.<sup>30</sup>

### III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of Section 6 of the Act<sup>31</sup> and rules and regulations thereunder applicable to a national securities exchange.<sup>32</sup> In particular, the Commission finds that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act, which requires, among other things, that a national securities exchange have rules 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 mechanisms of a free and open market and a national market system, and, in general, to protect investors and the public interest.<sup>33</sup>

As an initial matter, the Commission notes that the proposed rule change does not expand the scope of P.M. settlement under the Pilot Program; the Exchange has confirmed that the maximum number of expirations permitted and the maximum duration of Weekly Expirations and EOMs under the Pilot Program would remain the same. The Exchange further explained that its proposal to eliminate the requirement to list Weekly Expirations and EOMs consecutively is consistent with Section 6(b)(5) of the Act for a number of reasons. First, the proposal helps protect investors and the public interest because it will expand the ability of investors to hedge risks against market movements that may arise from future economic events.<sup>34</sup> Similarly, the Exchange noted the proposal will create greater trading and hedging opportunities and flexibility and will provide customers with the ability to

more closely tailor their investment objectives.<sup>35</sup> Finally, the Exchange noted that this proposal will allow the Exchange to provide these enhanced hedging opportunities in manner that also limits the potential burden on liquidity providers quoting the affected classes, which helps remove impediments to and perfect the mechanism of a free and open market and a national market system.<sup>36</sup>

The Commission notes that CBOE will continue to provide the Commission with the Annual Report analyzing volume and open interest of EOMs and Weekly Expirations (including any non-consecutively listed expirations), which will also contain information and analysis of EOMs and Weekly Expiration trading patterns and index price volatility and share trading activity for series that exceed minimum parameters. This information should be useful to the Commission as it evaluates whether allowing P.M. settlement for EOMs and Weekly Expirations has resulted in increased market and price volatility in the underlying component stocks, particularly at expiration. This information should help the Commission and CBOE assess the impact on the markets and determine whether changes to the Pilot Program are necessary or appropriate. Furthermore, the Exchange's ongoing analysis of the Pilot Program should help it monitor any potential risks from large P.M.-settled positions and take appropriate action if warranted.

For the foregoing reasons, the Commission finds that the proposed rule changes are consistent with the requirements of Section 6 of the Act including Section 6(b)(5) and rules and regulations thereunder applicable to a national securities exchange.

### V. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>37</sup> that the proposed rule change (SR-CBOE-2017-014) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>38</sup>

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

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<sup>29</sup> *Id.*

<sup>30</sup> *Id.*

<sup>31</sup> 15 U.S.C. 78f(b).

<sup>32</sup> In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>33</sup> 15 U.S.C. 78f(b)(5).

<sup>34</sup> See Notice, *supra* note 3, at 11292.

<sup>35</sup> *Id.*

<sup>36</sup> *Id.*

<sup>37</sup> 15 U.S.C. 78s(b)(2).

<sup>38</sup> 17 CFR 200.30-3(a)(12).

## SECURITIES AND EXCHANGE COMMISSION

### Proposed Collection; Comment Request

*Upon Written Request Copies Available From:* Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE., Washington, DC 20549-2736

#### Extension:

Form F-4 OMB Control No. 3235-0325, SEC File No. 270-288

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Form F-4 (17 CFR 239.34) is used by foreign issuers to register securities in business combinations, reorganizations and exchange offers pursuant to the Securities Act of 1933 (15 U.S.C. 77a *et seq.*). The information collected is intended to ensure that the information required to be filed by the Commission permits verification of compliance with securities law requirements and assures the public availability of such information. Form F-4 takes approximately 1,457 hours per response and is filed by approximately 39 respondents. We estimate that 25% of the 1,457 hours per response (364.25 hours) is prepared by the registrant for a total annual reporting burden of 14,206 hours (364.25 hours per response × 39 responses).

Written comments are invited on: (a) Whether this proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden imposed by the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

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