

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–82974; File No. SR–CBOE–2018–021]

### Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Amending Rules Regarding Market-Maker Quoting Obligations

March 30, 2018.

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 March 27, 2018, Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) 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 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 proposes to amend rules regarding Market-Maker quoting obligations. (additions are *italicized*; deletions are [bracketed])

\* \* \* \* \*

#### Cboe Exchange, Inc.

##### Rules

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##### Rule 1.1. Definitions

(a)–(bbb) (No change).

##### Continuous Electronic Quotes

(ccc) With respect to a Market-Maker who is obligated to provide continuous electronic quotes on the Hybrid Trading System (“Hybrid Market-Maker”), the Hybrid Market-Maker shall be deemed to have provided “continuous electronic quotes” if the Hybrid Market-Maker provides electronic two-sided quotes for 90% of the time that the Hybrid Market-Maker is required to provide electronic quotes in an appointed option class on a given trading day during the applicable trading session. Compliance with this quoting obligation applies to all of a Hybrid Market-Maker’s appointed classes collectively (with respect to each Market-Maker type as the Hybrid Market-Maker is approved to act). The Exchange will determine compliance by a Hybrid Market-Maker with this quoting obligation on a monthly basis. However, determining compliance with this obligation on a monthly basis does not relieve a Hybrid Market-Maker from meeting this obligation on a daily basis, nor does it prohibit the Exchange from taking

disciplinary action against a Hybrid Market-Maker for failing to meet this obligation each trading day. *Hybrid Market-Maker continuous electronic quoting obligations may be satisfied by Market-Makers either individually or collectively with Market-Makers of the same TPH organization.*

If a technical failure or limitation of a system of the Exchange prevents the Hybrid Market-Maker from maintaining, or prevents the Hybrid Market-Maker from communicating to the Exchange, timely and accurate electronic quotes in a class, the duration of such failure shall not be considered in determining whether the Hybrid Market-Maker has satisfied the 90% quoting standard with respect to that option class. The Exchange may consider other exceptions to this continuous electronic quote obligation based on demonstrated legal or regulatory requirements or other mitigating circumstances.

(ddd)–(cccc) (No change).

. . . Interpretations and Policies:

.01–.06 (No change).

\* \* \* \* \*

##### Rule 8.7. Obligations of Market-Makers

(a)–(c) (No change).

##### (d) Market-Making Obligations in Applicable Hybrid Classes

The following obligations in this paragraph (d) are only applicable to Market-Makers trading classes on the Cboe Options Hybrid System and only in those Hybrid classes. Unless otherwise provided in this Rule, Market-Makers trading classes on the Hybrid System remain subject to all obligations imposed by Cboe Options Rule 8.7. To the extent another obligation contained elsewhere in Rule 8.7 is inconsistent with an obligation contained in paragraph (d) of Rule 8.7 with respect to a class trading on Hybrid, this paragraph (d) shall govern trading in the Hybrid class.

For Regular Trading Hours, these requirements are applicable on a per class basis, except as set forth in paragraph (ii)(B) below, depending upon the percentage of volume a Market-Maker transacts in an appointed class during Regular Trading Hours electronically versus in open outcry. With respect to making this determination, the Exchange will monitor a Market-Maker’s trading activity in each appointed class during Regular Trading Hours every calendar quarter to determine whether it exceeds the threshold established in paragraph (d)(i). If a Market-Maker exceeds the threshold established below, the obligations contained in (d)(ii) will be effective the next calendar quarter.

For a period of ninety (90) days commencing immediately after a class begins trading on the Hybrid system, the provisions of paragraph (d)(i) shall govern trading in that class.

(i) (No change).

##### (ii) Market-Maker Trades More Than 20% Contract Volume in an Appointed Class Electronically:

If a Market-Maker on the Cboe Options Hybrid System transacts more than 20% of the Market-Maker’s contract volume electronically in an appointed Hybrid class during Regular Trading Hours during any

calendar quarter, commencing the next calendar quarter the Market-Maker will be subject to the following quoting obligations in that class for as long as the Market-Maker maintains an appointment in that class:

(A) (No change).

(B) Continuous Electronic Quoting Obligation: A Market-Maker will be required to maintain continuous electronic quotes (as defined in Rule 1.1(ccc)) in 60% of the non-adjusted option series of the Market-Maker’s appointed classes that have a time to expiration of less than nine months. Compliance with this quoting obligation applies to all of a Market-Maker’s appointed classes collectively (for which it must maintain continuous electronic quotes pursuant to this paragraph (ii)(B)). The Exchange will determine compliance by a Market-Maker with this quoting obligation on a monthly basis. However, determining compliance with this quoting obligation on a monthly basis does not relieve a Market-Maker from meeting this obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against a Market-Maker for failing to meet this obligation each trading day. The initial size of a Market-Maker’s quote must be for the minimum number of contracts determined by the Exchange on a class by class basis, which minimum shall be at least one contract. This obligation does not apply to intra-day add-on series on the day during which such series are added for trading. *Market-Maker continuous electronic quoting obligations may be satisfied by Market-Makers either individually or collectively with Market-Makers of the same TPH organization.*

(C) (No change).

(iii)–(iv) (No change).

. . . Interpretations and Policies:

.01–.12 (No change).

\* \* \* \* \*

##### Rule 8.13. Preferred Market-Maker Program

(a)–(c) (No change).

(d) Quoting Obligations: The Preferred Market-Maker must comply with the quoting obligations applicable to its Market-Maker type under Exchange rules and must provide continuous electronic quotes (as defined in Rule 1.1(ccc)) in at least the lesser of 99% of the non-adjusted option series that have a time to expiration of less than nine months or 100% of the non-adjusted option series that have a time to expiration of less than nine months minus one call-put pair, with the term “call-put pair” referring to one call and one put that cover the same underlying instrument and have the same expiration date and exercise price. This obligation does not apply to intra-day add-on series on the day during which such series are added for trading. Compliance with this quoting obligation applies to all of a Preferred Market-Maker’s classes for which it receives Preferred Market-Maker orders collectively. The Exchange will determine compliance by a Preferred Market-Maker with this quoting obligation on a monthly basis. However, determining compliance with this obligation on a monthly basis does not relieve a Preferred Market-Maker from meeting this quoting obligation on a daily basis, nor does it prohibit the Exchange from taking

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

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

disciplinary action against a Preferred Market-Maker for failing to meet this obligation each trading day. *Preferred Market-Maker continuous electronic quoting obligations may be satisfied by Preferred Market-Makers either individually or collectively with Preferred Market-Makers of the same TPH organization.*

. . . *Interpretations and Policies:*  
.01-.03 (No change).

\* \* \* \* \*

#### Rule 8.15. Lead Market-Makers

(a) (No change).

(b) LMM Obligations: Each LMM must fulfill all the obligations of a Market-Maker under the Rules and satisfy each of the following requirements:

(i) provide continuous electronic quotes (as defined in Rule 1.1 (ccc)) in at least the lesser of 99% of the non-adjusted option series or 100% of the non-adjusted option series minus one call-put pair, with the term “call-put pair” referring to one call and one put that cover the same underlying instrument and have the same expiration date and exercise price. This obligation does not apply to intra-day add-on series on the day during which such series are added for trading. Compliance with this quoting obligation applies to all of an LMM’s appointed classes on each platform collectively. The Exchange will determine compliance by an LMM with this quoting obligation on a monthly basis. However, determining compliance with this obligation on a monthly basis does not relieve an LMM from meeting this obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against an LMM for failing to meet this obligation each trading day. In option classes in which both an On-Floor LMM and an Off-Floor DPM or Off-Floor LMM have been appointed, the On-Floor LMM will not be obligated to comply with this paragraph (b)(i) and instead will be obligated to comply with the obligations of Market-Makers in Rule 8.7(d). [.] In an option class in which the Exchange appointed an On-Floor LMM that has open-outcry obligations only, that On-Floor LMM will not be obligated to comply with this paragraph (b)(i) and instead will be obligated to comply with the obligations of Market-Makers in Rule 8.7(d) and have a designee in the class’s crowd on the trading floor for the entire trading day (except for a de minimis amount of time). *Lead Market-Maker continuous electronic quoting obligations may be satisfied by Lead Market-Makers either individually or collectively with Lead Market-Makers of the same TPH organization;*

(ii)-(viii) (No change).

(c)-(d) (No change).

. . . *Interpretations and Policies:*  
.01-.04 (No change).

\* \* \* \* \*

#### Rule 8.85. DPM Obligations

(a) Dealer Transactions. Each DPM must fulfill all of the obligations of a Market-Maker under the Rules, and must satisfy each of the following requirements in respect of each of the securities allocated to the DPM. To the extent that there is any inconsistency between the specific obligations of a DPM set

forth in subparagraphs (a)(i) through (a)(xi) of this Rule and the general obligations of a Market-Maker under the Rules, subparagraphs (a)(i) through (a)(xi) of this Rule will govern. Each DPM must:

(i) provide continuous electronic quotes (as defined in Rule 1.1(ccc)) in at least the lesser of 99% of the non-adjusted option series or 100% of the non-adjusted option series minus one call-put pair, with the term “call-put pair” referring to one call and one put that cover the same underlying instrument and have the same expiration date and exercise price, and assure that its disseminated market quotations are accurate. This obligation does not apply to intra-day add-on series on the day during which such series are added for trading. Compliance with this quoting obligation applies to all of a DPM’s allocated classes collectively. The Exchange will determine compliance by a DPM with this quoting obligation on a monthly basis. However, determining compliance with this obligation on a monthly basis does not relieve a DPM from meeting this obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against DPM for failing to meet this obligation each trading day. *DPM continuous electronic quoting obligations may be satisfied by DPM either individually or collectively with DPM Market-Makers of the same TPH organization;*

(ii)-(x) (No change).

(b)-(e) (No change).

. . . *Interpretations and Policies:*

.01-.02 (No change).

\* \* \* \* \*

The text of the proposed rule change is also available on the Exchange’s website (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange’s Office of the Secretary, 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 places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, and B 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

Cboe Options Rules 8.7(d)(ii)(B), 8.13(d), 8.15(b)(i), and 8.85(a)(i) set forth continuous electronic quoting obligations of Market-Makers, Preferred

Market-Makers (“PMMs”), Lead Market-Makers (“LMMs”), and Designated Primary Market-Makers (“DPMs”), respectively. Additionally, Rule 1.1(ccc) defines continuous electronic quotes as that term is used in those rules. Rule 8.1 defines a Market-Maker as an individual Trading Permit Holder or a TPH organization that is registered with the Exchange for the purpose of making transactions as a dealer-specialist on the Exchange in accordance with the provisions of Chapter VIII of the Rules. PMMs, LMMs, and DPMs are types of Market-Makers.

Historically, Cboe Options has interpreted the term “Market-Maker” with respect to continuous quoting obligations to apply on an individual basis. This interpretation is consistent with the previous definition of Market-Maker—Cboe Options Rule 8.1 previously defined a Market-Maker as an individual member or nominee of a member organization.<sup>3</sup>

After the Exchange amended its rules to state a Market-Maker may also be a TPH organization, it continued its interpretation of the term “Market-Maker” as referring to an individual Market-Maker with respect to continuous quoting obligations. This is implied by Rule 8.7, Interpretation and Policy .03(B)(i), which states the in-person requirements for Market-Makers in Hybrid 3.0 classes set forth in paragraph (B) may be satisfied by Market-Makers individually or collectively with the Market-Makers of the same TPH organization. In the filing in which the Exchange proposed to adopt that provision, the Exchange indicated it was proposing that provision in response to the Exchange’s expansion of the definition of Market-Maker to include TPH organizations.<sup>4</sup> This implies the Exchange previously interpreted Market-Maker consistent with the previous definition, which was an individual. Limiting that provision to the in-person requirements for Market-Makers in Hybrid 3.0 classes also indicates the Exchange’s intention to only interpret Market-Maker as an individual or TPH organization for the purposes of those in-person obligations, but not change its interpretation of the term Market-Maker with respect to other

<sup>3</sup> See Securities Exchange Act Release No. 57615 (April 3, 2008), 73 FR 19537 (April 10, 2008) (SR-CBOE-2008-120) (order approving proposed rule change relating to Market-Makers and Remote Market-Makers, which rule change amended the definition of Market-Maker in Rule 8.1 to include member (which are now known as Trading Permit Holders) organizations).

<sup>4</sup> See Securities Exchange Act Release No. 57996 (June 20, 2008), 73 FR 36937 (June 30, 2008) (SR-CBOE-2008-59) (proposed rule change to adopt Rule 8.7, Interpretation and Policy .03(B)(i)).

obligations. As a result, the Exchange has continued to interpret the term Market-Maker with respect to continuous quoting obligations to mean an individual, despite the change to the definition of Market-Maker.

Cboe Options proposes to modify its interpretation of the term “Market-Maker” with respect to Market-Maker continuous electronic quoting obligations and instead interpret the term Market-Maker in a manner consistent with its definition, which includes both individuals and TPH organizations. Specifically, the proposed rule change amends the above-referenced rules regarding continuous electronic quoting obligations to state Market-Maker (or PMM, LMM, or DPM, as applicable) continuous electronic quoting obligations may be satisfied by Market-Makers either individually or collectively with Market-Makers of the same TPH organization. The Exchange believes it is reasonable to interpret the term Market-Maker with respect to continuous electronic quoting in this manner, as that is consistent with the current definition. The proposed interpretation is consistent with the current structure of TPH organizations registered as Market-Makers (as currently all individual Market-Makers are affiliated with a TPH organization, and thus TPH organizations are ultimately responsible for those Market-Makers) and will ensure a more consistent application of the definition of Market-Maker within the Cboe Rules.

Additionally, the proposed interpretation provides Market-Makers with flexibility to quote in their appointed classes in a manner consistent with their business operations, particularly in classes with a large number of series. For example, the Exchange intends to convert trading of SPX options from the Hybrid 3.0 trading platform to the Hybrid trading system. There are currently over 7,000 series within the SPX option group trading on the Hybrid 3.0 platform, on which Market-Makers may not stream electronic quotes. Upon conversion of SPX to Hybrid, Market-Makers will be able to select electronic appointments in this group and stream electronic quotes, subject to continuous electronic quoting obligations in Rule 8.7(d). Given the large number of SPX series, the Exchange understands a Market-Maker firm may decide to have individuals associated with the firm submit SPX quotes in different series using different acronyms. On an aggregate basis, the quotes submitted through those various acronyms would satisfy the firm’s electronic quoting obligations. For

example, a Market-Maker firm has acronyms ABC, DEF, and GHI registered for three individuals associated with that firm. The firm’s plan is for these individuals to stream quotes in class XYZ as follows: ABC will quote in the near three month series (months one through three), DEF will quote in the middle three month series (months four through six), and GHI will quote in the far three month series (months seven through nine).<sup>5</sup> Assume each acronym submits electronic quotes in 300 series for 90% of the trading day, which combines for 900 series out of 1,000 total series listed for trading in class XYZ (*i.e.*, 90% of series) for the Market-Maker firm. On an aggregate basis, this satisfies the firm’s obligation to quote in at least 60% of series for 90% of the trading day.

Modifying the interpretation of the term Market-Maker to apply on a firm basis with respect to continuous electronic quoting obligations is also consistent with rules of other exchanges. For example, under the rules of Cboe-affiliated options exchanges Cboe BZX Exchange, Inc. (“BZX Options”) and Cboe EDGX Exchange, Inc. (“EDGX Options”), a Market-Maker by definition may only be an entity,<sup>6</sup> and thus the rules with respect to continuous electronic quoting obligations apply on a firm basis. Additionally, Cboe-affiliated options exchange Cboe C2 Exchange, Inc. has historically only had trading firms registered as Market-Makers, and thus has interpreted the term Market-Maker to mean Trading Permit Holder organization.<sup>7</sup> Cboe Options is modifying its interpretation of the term Market-Maker with respect to continuous electronic quoting obligations to mean TPH organization where applicable to provide greater

<sup>5</sup> Rule 8.7(d)(ii) requires continuous electronic quotes in the series with expirations no further than nine months.

<sup>6</sup> See BZX and EDGX Rules 16.1(a)(38) (defining “Options Member” as a firm, or organization registered with the Exchange pursuant to Chapter XVII of EDGX rules, for purposes of participating in EDGX Options as an “Options Order Entry Firm” or “Options Market-Maker”) and (37) (defining “Options Market Maker” as an Options Member, which may only be a firm, registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter XXII of the EDGX rules); see also BZX and EDGX Rules 22.2 (stating that Options Members (which may only be firms) may register as Market Makers) and 22.5 (describing obligations of Market-Makers, which may only be firms by virtue of the definitions of Market-Maker and Options Member).

<sup>7</sup> Various Trading Permit Holders have also informed the Exchange that other options exchanges similarly interpret their continuous electronic quoting rules to apply on a firm basis rather than individual basis.

harmonization between the rules of the Cboe-affiliated Exchanges and simplify the regulatory requirements of Market-Makers subject to Market-Maker continuous electronic quoting obligations across multiple Cboe-affiliated Exchanges. Additionally, as noted above, the Exchange’s current in-person quoting requirements may be satisfied by Market-Makers individually or collectively with Market-Makers of the same TPH organization.

While the proposed rule change is a modification of a current interpretation to Exchange rules, the Exchange proposes to include the interpretation in the applicable rules to provide clarity to Market-Makers regarding their obligations.

## 2. Statutory 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.<sup>8</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>9</sup> 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)<sup>10</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the proposed interpretation is consistent with the current definition of Market-Maker, which provides a Market-Maker may be an individual or a TPH organization. The proposed interpretation is also consistent with the current structure of TPH organizations registered as Market-Makers (as all individual Market-Makers are currently associated with TPH organizations) and will ensure a more consistent application of the definition of Market-Maker within the Cboe Rules.

The Exchange does not propose to modify continuous electronic quoting

<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

<sup>10</sup> *Id.*

obligations, and does not believe the proposed modification to the interpretation of the term Market-Maker in those rules will diminish Market-Makers' obligations to provide continuous electronic quotes in a significant percentage of series for a significant part of the trading day. Rather, the proposed interpretation provides Market-Makers with flexibility to quote in their appointed classes in a manner consistent with their business operations, particularly in classes with a large number of series. The Exchange believes this may benefit efficiency of Market-Makers' quoting operations in those classes, as they can manage their quoting operations as they deem appropriate based on the nature of their businesses. The Exchange does not believe this proposed interpretation would reduce liquidity, because to the extent continuous quoting obligations may be satisfied collectively among Market-Makers associated with a TPH organization, the TPH organization would have to take into account the quotes of all associated Market-Makers when determining whether it is satisfying its continuous electronic quoting obligations.

The proposed interpretation removes impediments to and perfects the mechanisms of a free and open market and national market system, because other exchanges (*e.g.* BZX and EDGX) interpret the term Market-Maker to mean a member organization with respect to continuous quoting obligations. Cboe Options is modifying its interpretation of the term Market-Maker with respect to continuous electronic quoting obligations to mean THP organization where applicable in order to provide greater harmonization between the rules of the Cboe-affiliated Exchanges and simplify the regulatory requirements of Market-Makers subject to Market-Maker continuous electronic quoting obligations across multiple Cboe-affiliated Exchanges. Additionally, as noted above, the proposed interpretation is consistent with the Exchange's current in-person quoting requirements, which may be satisfied by Market-Makers individually or collectively with Market-Makers of the same TPH organization.

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

Cboe Options 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 proposed rule change will not impose any burden on intramarket competition, because the modified interpretation will

apply in the same manner to all Market-Makers subject to continuous electronic quoting obligations and is consistent with the current definition of Market-Maker. The Exchange does not propose to modify continuous electronic quoting obligations, and does not believe the proposed modification to the interpretation of the term Market-Maker in those rules will diminish Market-Makers' obligations to provide continuous electronic quotes in a significant percentage of series for a significant part of the trading day, and thus does not impact the balance of Market-Maker obligations and benefits. Rather, the proposed interpretation provides Market-Makers with flexibility to quote in their appointed classes in a manner consistent with their business operations, particularly in classes with a large number of series. The Exchange believes this may benefit efficiency of Market-Makers' quoting operations, particularly in those classes, as they can manage their quoting operations as they deem appropriate based on the nature of their businesses.

The proposed rule change regarding the interpretation of the term Market-Maker will not impose any burden on intermarket competition, because the modified interpretation of the term Market-Maker to mean TPH organization where applicable is consistent with that of other options exchanges, as noted above. Cboe Options is modifying its interpretation of the term Market-Maker with respect to continuous electronic quoting obligations to mean TPH organization where applicable in order to provide greater harmonization between the rules of the Cboe-affiliated Exchanges and simplify the regulatory requirements of Market-Makers subject to Market-Maker continuous electronic quoting obligations across multiple Cboe-affiliated Exchanges. Additionally, the proposed interpretation is consistent with the Exchange's in-person quoting requirements.

#### *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: (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)<sup>11</sup> of the Act and Rule 19b-4(f)(6) thereunder.<sup>12</sup>

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>13</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)<sup>14</sup> permits the Commission to 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 discussed above, the Exchange notes that its proposal is consistent with rules of other exchanges.<sup>15</sup> Because the proposal does not raise any new or novel issues, the Commission believes that waiver of the operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the operative delay and designates the proposal operative upon filing.<sup>16</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: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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.

#### **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:

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission 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. The Exchange has satisfied this requirement.

<sup>13</sup> 17 CFR 240.19b-4(f)(6).

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

<sup>15</sup> See *supra* note 6 and accompanying text.

<sup>16</sup> For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

*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-2018-021 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-2018-021. 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 website (<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 website 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-CBOE-2018-021 and should be submitted on or before April 26, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>17</sup>

**Eduardo Aleman,**

*Assistant Secretary.*

[FR Doc. 2018-06915 Filed 4-4-18; 8:45 am]

**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

**[Investment Company Act Release No. 33063]**

**Notice of Applications for Deregistration Under Section 8(f) of the Investment Company Act of 1940**

March 30, 2018.

The following is a notice of applications for deregistration under section 8(f) of the Investment Company Act of 1940 for the month of March 2018. A copy of each application may be obtained via the Commission's website by searching for the file number, or for an applicant using the Company name box, at <http://www.sec.gov/search/search.htm> or by calling (202) 551-8090. An order granting each application will be issued unless the SEC orders a hearing. Interested persons may request a hearing on any application by writing to the SEC's Secretary at the address below and serving the relevant applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on April 24, 2018, and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Pursuant to Rule 0-5 under the Act, hearing requests should state the nature of the writer's interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

**ADDRESSES:** The Commission: Secretary, U.S. Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

**FOR FURTHER INFORMATION CONTACT:** Shawn Davis, Branch Chief, at (202) 551-6413 or Chief Counsel's Office at (202) 551-6821; SEC, Division of Investment Management, Chief Counsel's Office, 100 F Street NE, Washington, DC 20549-8010.

**Croft Funds Corporation [File No. 811-08652]**

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. On December 1, 2017, applicant made a liquidating distribution to its shareholders, based on net asset value. Expenses of \$3,764 incurred in connection with the liquidation were paid by the applicant's investment adviser.

*Filing Dates:* The application was filed on January 24, 2018, and amended on February 22, 2018.

*Applicant's Address:* Canton House, 300 Water Street, Baltimore, Maryland 21202.

**Meehan Mutual Funds, Inc. [File No. 811-09575]**

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. The applicant has transferred its assets to Meehan Focus Fund, a series of Ultimus Managers Trust, and, on October 20, 2017, made a final distribution to its shareholders based on net asset value. Expenses of \$133,418 incurred in connection with the reorganization were paid by the applicant's investment adviser.

*Filing Date:* The application was filed on February 22, 2018.

*Applicant's Address:* c/o Edgemoor Investment Advisors Inc., 7250 Woodmont Avenue, Suite 315, Bethesda, Maryland 20814.

**LocalShares Investment Trust [File No. 811-22755]**

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. On February 16, 2018, applicant made a liquidating distribution to its shareholders, based on net asset value. Expenses of \$46,500 incurred in connection with the liquidation were paid by the applicant's investment adviser.

*Filing Date:* The application was filed on March 5, 2018.

*Applicant's Address:* 4535 Harding Pike, Suite 201, Nashville, Tennessee 37205.

**Transamerica AUIM Opportunistic Bond [File No. 811-22765]**

*Summary:* Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. Applicant has never made a public offering of its securities and does not propose to make a public offering or engage in business of any kind.

*Filing Dates:* The application was filed on January 24, 2018, and amended on March 7, 2018.

*Applicant's Address:* 1801 California Street, Suite 5200, Denver, Colorado 80202.

**Waddell & Reed Advisors Funds [811-09435]**

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. Each series of applicant has transferred its assets to a corresponding series of Ivy Funds and, on October 10, 2017 and February 20,

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