SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–75312; File No. SR–ISE–2015–21]

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Extend the Penny Pilot Program

June 26, 2015.

Correction

In notice document 2015–16270, appearing on pages 38251 through 38253 in the issue of Thursday, July 2, 2015, make the following correction:

On page 38253, in the first column, on the eighth line from the bottom, ''July 22, 2015'' should read ''July 23, 2015''.

[FR Doc. C1–2015–16270 Filed 7–15–15; 8:45 am]

BILLING CODE 1505–01–D

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–75425; File No. SR–CBOE–2015–044]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule, as Modified by Amendment No. 1, To Introduce Asian Style Settlement and Cliquet Style Settlement for FLexible Exchange Broad-Based Index Options

July 10, 2015.

I. Introduction

On May 6, 2015, the Chicago Board Options Exchange, Incorporated (the ''Exchange'' or ''CBOE'') filed with the Securities and Exchange Commission (the ''Commission''), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] a proposed rule change to permit Asian style settlement and Cliquet style settlement for FLexible Exchange (''FLEX'') Broad-Based Index options. The proposed rule change was published for comment in the **Federal Register** on May 13, 2015.[3] CBOE filed Amendment No. 1 to the proposed rule change on June 18, 2015.[4] The Commission received no comments regarding the proposal. The Commission is publishing this notice to solicit comments on Amendment No. 1 from interested persons, and is approving the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

II. Description of the Proposal

The Exchange proposes to amend CBOE Rules 24A.1 (Definitions), 24A.4 (Terms of FLEX Options), 24B.1 (Definitions) and 24B.4 (Terms of FLEX Options) to permit Asian style settlement and Cliquet style settlement for FLEX Broad-Based Index options.[5]

Asian Style Settlement

FLEX Broad-Based Index options with Asian style settlement will be cash-settled call[6] option contracts for which the final payout will be based on an arithmetic average of specified closing values of the underlying broad-based index (''Asian option''). Exercise (strike) prices and premium quotations for Asian options will be expressed and governed as provided for in CBOE Rules 24A.4(b)(2) and 24B.(b)(2). Asian options will have a term of approximately one year and would expire anytime from 350 to 371 days (which is approximately 50 to 53 calendar weeks) from the date of initial listing. The contract multiplier for an Asian option will be $100.[7]

The parties to an Asian option contract will designate a set of monthly observation dates and an expiration date for each contract. The monthly observation date will be the date each month on which the price of the underlying broad-based index will be observed for the purpose of calculating the exercise settlement value for Asian options. Each Asian option will have 12 consecutive monthly observation dates (which includes an observation on the expiration date) and each observation will be based on the closing price of the underlying broad-based index. The specific monthly observation dates will be determined by working backward from the farthest out observation date prior to the expiration date. If a given monthly observation date falls on a non CBOE business day (*e.g.,* holiday or weekend), the monthly observation will be on the immediately preceding business day (''preceding business day convention''). The parties may not designate a subsequent business day convention for Asian options.

Asian options will have European-style exercise and may not be exercised prior to the expiration date. The exercise settlement value for Asian options will be the arithmetic average of the closing values of the underlying broad-based index on the 12 consecutive monthly observation dates, which include the expiration date of the option. Mathematically this is expressed as:

$$\text{Exercise Settlement Value} = \frac{\sum_{i=1}^{12} S_i}{12}$$

Where S_i is the closing price of the underlying broad-based index on monthly observation date on the i^{th} monthly observation date.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 74914 (May 8, 2015), 80 FR 27408.

[4] Amendment No. 1 replaces the original filing in its entirety. Amendment No. 1 removes proposed amendments to the strategy-based customer margin requirements in CBOE Rule 12.3 and modifies Form 19b–4, and Exhibits 1, 3, and 5 to clarify that the Exchange would apply the Exchange's existing strategy-based customer margin requirements for broad-based index options, which are set forth in Rule 12.3. Amendment No. 1 also deletes references to portfolio margining from Form 19b–4 and Exhibits 1 and 3.

[5] Chapter XXIVA sets forth Flexible Exchange Options rules and chapter XXIVB sets forth FLEX Hybrid Trading System rules.

[6] Puts will not be permitted.

[7] *See* Rules 24A.1(i) and 24B.1(m). ''The Index Multiplier for FLEX Index Options is $100.''