

investors and other market participants to distinguish those options from the related non-FLEX options with a multiplier of 100 and micro-options as well as FLEX index options with a multiplier of 100, reducing potential investor confusion.<sup>52</sup>

The Commission believes it is appropriate for Micro FLEX Index Options to trade pursuant to existing FLEX rules governing the listing and trading of FLEX index options. In addition, the Exchange states that it and OPRA have the necessary systems capacity to handle the additional traffic associated with the listing of new series that may result from the introduction of Micro FLEX Index Options.<sup>53</sup> The Exchange also states that the OCC will be able to accommodate the listing and trading of Micro FLEX Index Options.

As a national securities exchange, the Exchange is required, under Section 6(b)(1) of the Act,<sup>54</sup> to enforce compliance by its members and persons associated with its members with the provisions of the Act, Commission rules and regulations thereunder, and its own rules. The Exchange states that its existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior that might arise from listing and trading Micro FLEX Options. In addition, Micro FLEX Index Options will be traded under the Exchange's existing regulatory regime for FLEX index options, which includes, among other things, the Exchange's existing rules regarding customer protection, safeguards related to position and exercise limits, as applicable,<sup>55</sup> and reporting requirements. In particular, Micro FLEX Index Option orders entered by TPHs on behalf of customers, including institutional and retail customers, will be subject to all Exchange rules regarding doing business with the public, including those within Chapter 9 of the Exchange's Rules.<sup>56</sup> The

Commission believes that it is consistent with the Act to apply Exchange rules governing, among other things, customer accounts, margin requirements, and trading halt procedures to the proposed Micro FLEX Index Options that are otherwise applicable to other FLEX index options. Further, the Commission believes that trading the Micro FLEX Index Options pursuant to the Exchange's current rules governing the trading of FLEX index options is consistent with the protection of investors and should provide market participants with the same flexibility to customize certain terms of the options while allowing investors to trade a smaller sized options contract that may, according to the Exchange, better meet their hedging needs.

The Commission also believes the proposed changes that the Exchange is making regarding codifying how percentage-based FLEX orders and auction responses will be ranked are consistent with the Act.<sup>57</sup> The Exchange states that such ranking provides FLEX Traders willing to pay more (or receive less) with priority.<sup>58</sup> The Exchange further states that providing priority to FLEX Traders that submit more aggressive responses will encourage FLEX Traders to submit competitive responses, which the Exchange believes will benefit investors.<sup>59</sup> In addition, the Exchange states that such ranking is consistent with the Exchange's current practice, as well as the way the Exchange ranks dollar-priced premiums.<sup>60</sup> For the foregoing reasons, the Commission believes that the proposed rule change regarding the ranking of percentage-based FLEX orders and options responses is consistent with the Act.

Finally, the Commission believes that the other non-substantive and clarifying changes will help protect investors and the public interest by providing clarity and transparency to the rules by making them easier to read and understand.<sup>61</sup>

ODD in accordance with CBOE Rule 9.9 so that customers are informed of any risks associated with trading options, including Micro FLEX Index Options.

<sup>57</sup> See proposed amendments to CBOE Rule 4.21(b)(6), CBOE Rule 5.3(e)(3), and CBOE Rule 5.4(c)(4). As discussed above, following the application of the designated percentage to the closing value of the underlying security or index, the system rounds the final transaction prices to the nearest minimum fixed price increment for the class as set forth in Rule 5.4. See CBOE Rule 5.3(e)(3) and CBOE Rule 5.4(c)(4).

<sup>58</sup> See Notice, *supra* note 4 at 44420.

<sup>59</sup> See *id.*

<sup>60</sup> See *id.* at 44419.

<sup>61</sup> See, e.g., proposed amendments to CBOE Rule 4.21(b)(6) (stating the minimum increments for exercise prices); CBOE Rule 4.22(b) (changing the terminology related to notification of when a FLEX

Accordingly, the Commission finds that the proposed rule change, as modified by Amendment No. 2, is consistent with Section 6(b)(5) of the Act<sup>62</sup> and the rules and regulations thereunder applicable to a national securities exchange.

### III. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>63</sup> that the proposed rule change (SR-CBOE-2021-041), as modified by Amendment No. 2, be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>64</sup>

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

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## SMALL BUSINESS ADMINISTRATION

[License No. 02/02-0680]

### GC SBIC VI, L.P.; Surrender of License of Small Business Investment Company

Pursuant to the authority granted to the United States Small Business Administration under the Small Business Investment Act of 1958, as amended, under Section 309 of the Act and Section 107.1900 of the Small Business Administration Rules and Regulations (13 CFR 107.1900) to function as a small business investment company under the Small Business Investment Company License No. 02/02-0680 issued to GC SBIC VI, L.P., said license is hereby declared null and void.

United States Small Business Administration.

**Bailey DeVries,**

*Associate Administrator, Office of Investment and Innovation.*

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option series is restricted to closing only transactions). See also proposed amendments to CBOE Rule 5.72(c)(3)(A); CBOE Rule 5.73(e); CBOE Rule 5.74(e) (codifying that FLEX auction response bids and offers as well as Initiating Orders and Solicitation Orders with respect to FLEX AIM Auctions and FLEX SAM Auctions, respectively, are ranked during the allocation process based on the dollar and decimal amount of the order or response bid or offer, or the percentage value of the order or response bid or offer, as applicable).

<sup>62</sup> 15 U.S.C. 78f(b)(5).

<sup>63</sup> 15 U.S.C. 78s(b)(2).

<sup>64</sup> 17 CFR 200.30-3(a)(12).

<sup>52</sup> See *supra* note 11.

<sup>53</sup> See *supra* note 27.

<sup>54</sup> 15 U.S.C. 78f(b)(1).

<sup>55</sup> There are, however, no position limits or exercise limits for certain broad-based FLEX index options. See CBOE Rule 8.35(b) and CBOE Rule 8.42(g).

<sup>56</sup> The Commission notes that these rules require, among other things, that: (i) A TPH may not accept an option order, including a Micro FLEX Index Option order, from a customer unless that customer's account has been approved for options transactions in accordance with CBOE Rule 9.1; (ii) TPHs that conduct customer business, including institutional and retail customer business, must ensure they provide for appropriate supervisory control over that business and maintain customer records in accordance with CBOE Rule 9.2; and (iii) TPHs will also need to provide customers that trade Micro FLEX Index Option (and any other option) with a copy of the ODD and amendments to the