

the Pilot Program.<sup>14</sup> Accordingly, the Commission designates the proposed rule change as operative upon filing with the Commission.<sup>15</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 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 under Section 19(b)(2)(B)<sup>16</sup> of the Act 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-C2-2017-032 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-C2-2017-032. 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-C2-2017-032 and should be submitted on or before January 18, 2018.

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

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82398; File No. SR-CBOE-2017-070]

### Self-Regulatory Organizations; Cboe Exchange, Inc.; Order Approving a Proposed Rule Change To Amend Rule 6.56 To Include Procedures for Multi-Leg Positions

December 22, 2017.

#### I. Introduction

On November 3, 2017, the Cboe Exchange, Inc. ("Exchange" or "Cboe Options") filed with the Securities and Exchange Commission ("Commission"), 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> a proposed rule to amend Rule 6.56 (Compression Forums) to include procedures for multi-leg positions. The proposed rule change was published for comment in the **Federal Register** on November 22, 2017.<sup>3</sup> The Commission did not receive any comment letters on

the proposed rule change. This order approves the proposed rule change.

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

As described in more detail in the Notice,<sup>4</sup> the Exchange proposes to amend its SPX Compression Forum procedures set forth in Cboe Rule 6.56, primarily to authorize the Exchange to include information on hypothetical multi-leg positions constructed from the single series voluntarily submitted by Trading Permit Holders ("TPHs"). Specifically, in addition to the information Cboe Options currently provides on single series interest, the Exchange now also will generate a list, using the individual series of SPX options submitted by TPHs, of all possible multi-leg positions based on the three option strategies specified in Rule 6.56—vertical call spreads, vertical put spreads, and box spreads.<sup>5</sup>

In addition to listing hypothetical multi-leg positions with offsetting interest in the compression-list position file, the Exchange also will provide to each TPH that submitted compression-list positions, a new individualized multi-leg position file that includes: (a) A complete list of all possible combinations of offsetting multi-leg positions that are composed of series the individual TPH submitted as part of a compression-list position; (b) a unique identification number for each multi-leg position ("PID") that would enable the TPH to identify particular multi-leg positions; (c) the series that make up the multi-leg position; and (d) the offsetting size of the multi-leg position against other TPHs on an individualized and anonymous basis.<sup>6</sup> TPHs would be able to give the Exchange permission to share their identity with the counterparty for a particular multi-leg position, and vice-versa, provided that both parties have agreed to reveal their identities.<sup>7</sup>

Finally, Exchange will extend the hours for submitting compression-list positions from 3:15pm to 4:30pm Chicago time.<sup>8</sup>

<sup>4</sup> *Id.*

<sup>5</sup> *Id.* at 55667. The Exchange represents that its "provision of the list does not constitute advice, guidance, a commitment to trade, an execution, or a recommendation to trade." *See id.* Furthermore, the Exchange notes that TPHs determine whether to submit compression-list positions, whether to participate in the compression forum, and whether to represent orders on the trading floor.

<sup>6</sup> *Id.* at 55671.

<sup>7</sup> *Id.* at 55673. The disclosure of the TPH's identity would be done on a multi-leg position by multi-leg position basis, as referenced by the PID.

<sup>8</sup> *Id.* at 55674.

<sup>14</sup> *See* Securities Exchange Act Release No. 61061 (November 24, 2009), 74 FR 62857 (December 1, 2009) (SR-NYSEArca-2009-44). *See also supra* note 5.

<sup>15</sup> 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).

<sup>16</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>17</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. 82102 (Nov. 16, 2017), 82 FR 55667 (Nov. 22, 2017) ("Notice").

### III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act<sup>9</sup> and the rules and regulations thereunder applicable to a national securities exchange.<sup>10</sup> In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>11</sup> which requires, among other things, that the rules of a national securities exchange be designed 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 and that the rules are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Commission believes that the proposed rule change is designed to remove impediments to and perfect the mechanism of a free and open market and a national market system by providing TPHs with information that may encourage them to close positions in series of SPX options at the end of the month, which the Exchange has stated is intended to “foster liquidity in the SPX options market in light of the bank regulatory capital requirements.”<sup>12</sup> The Commission notes the Exchange has represented that the proposed multi-leg compression-list position file provided by the Exchange is for informational purposes only and does not constitute advice, guidance, a commitment to trade, an execution, or a recommendation to trade, and that participation in the process by TPHs is entirely voluntary.<sup>13</sup> TPHs who receive the individualized multi-leg positions and wish to enter into a trade may only do so by finding a counterparty on the trading floor and executing a trade thereon, and all transactions must be effected in accordance with applicable rules.<sup>14</sup> Furthermore, all TPHs on the trading floor, whether or not they

submitted compression-list positions, have the opportunity to respond to orders on the trading floor, including orders represented in compression forums. For the reasons noted above, the Commission believes that the proposal to amend Rule 6.56 to include the proposed procedures for multi-leg compression-list positions is consistent with the Act.

### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>15</sup> that the proposed rule change (SR-CBOE-2017-070) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82394; File No. SR-MIAX-2017-49]

### Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend MIAX Options Rule 612, Aggregate Risk Manager (ARM) and Rule 518, Complex Orders

December 22, 2017.

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 15, 2017, Miami International Securities Exchange, LLC (“MIAX Options” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III 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 is filing a proposal to amend Rule 612, Aggregate Risk Manager (ARM), and Rule 518, Complex Orders.

The text of the proposed rule change is available on the Exchange’s website at <http://www.miaxoptions.com/rule-filings>, at MIAX’s principal office, 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, 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

The Exchange proposes to amend Rule 612, Aggregate Risk Manager (ARM), and Rule 518, Complex Orders, to enhance the Aggregate Risk Manager (“ARM”) protections available to Market Makers<sup>3</sup> on the Exchange, for both simple and complex quotes. Specifically, the Exchange proposes to adopt a Market Maker single side protection (“SSP”) feature, which is an additional, optional, and more granular feature of the ARM protections that are currently offered by the Exchange. Accordingly, the Exchange proposes to modify: (i) Rule 612, Interpretations and Policies .02, to adopt new subsection (c), Market Maker Single Side Protection, as well as to make minor, non-substantive clarifications to subsections (a) and (b) for greater precision for simple quotes; and (ii) Rule 518, Interpretations and Policies .05, to adopt new subsection (g), Market Maker Single Side Protection for complex quotes.

The Exchange currently offers a number of risk protection mechanisms to its Members in both the simple and complex markets. For Market Makers, an important risk protection mechanism is the ARM. The purpose of the ARM is to remove the Market Maker from the market, once certain pre-determined trading limit thresholds (set up in advance by the Market Maker) have

<sup>9</sup> 15 U.S.C. 78f.

<sup>10</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>11</sup> 15 U.S.C. 78f(b)(5).

<sup>12</sup> See Notice, *supra* note 3, at 55674. The Exchange stated its belief that those capital requirements “could potentially limit the amount of capital clearing TPHs can allocate to their clients’ transactions, which in turn, may impact liquidity, particularly in the SPX market.” *Id.*

<sup>13</sup> See Notice, *supra* note 3, at 55667. The list is not ranked or weighted and contains all potential multi-leg positions with offsetting interest. Accordingly, not all the multi-leg positions on the list would be possible to trade since one series may be used to construct multiple potential multi-leg positions.

<sup>14</sup> See Notice, *supra* note 3, at 55675.

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

<sup>16</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> The term “Market Makers” refers to “Lead Market Makers”, “Primary Lead Market Makers” and “Registered Market Makers” collectively. See Exchange Rule 100.