CBOE

EXECUTE SUCCESS℠

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July 15, 2014

Via Electronic Mail
Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090
Rule-Comments@SEC.GOV

Re: Response to Comment Letters on File No. SR-CBOE-2014-040

Dear Ms. Murphy:

Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") submits this letter in response to the comments submitted to the U.S. Securities and Exchange Commission ("SEC" or "Commission") by the Financial Information Forum ("FIF")[1] and the Chicago Stock Exchange, Inc. ("CHX")[2] on the above-referenced rule filing in which CBOE proposes to add a new tied to stock order type that includes a marking requirement and to adopt a new reporting requirement for the stock component of tied to stock orders.

FIF Letter

The FIF Letter states that FIF needs to review the reporting specifications in order to evaluate if the costs of the proposed rule change outweigh the benefits. The rule filing provides that the Exchange will prescribe the manner and form of the reports of executions of the stock components of tied to stock orders. In response, CBOE directs FIF to Regulatory Circular RG14-110 (dated July 10, 2014), which Regulatory Circular is attached and describes the format for the proposed reports. It is common practice for exchanges, including CBOE, to specify the form and manner of reports required to be provided to the Exchange.[3] The proposed rule change is consistent with that practice. CBOE notes that the prescribed form and manner of reporting requirements is generally not included in rule filings, but rather in Regulatory Circulars. CBOE appreciates any comments on the initial format of the reporting requirements, as described in the attached Regulatory Circular. However, like other rules, the proposed rule change provides the Exchange with authority to issue and modify the reporting format by Regulatory Circular.[4] Therefore, CBOE believes the rule filing may be approved in its current format.

The FIF Letter also comments that it needs the reporting specifications to estimate its implementation time. CBOE notes that the rule filing provides that CBOE will announce the implementation date of the reporting requirement no later than 90 days following the effective date of the rule filing, which implementation date will be no later than 180 days following the effective date of the

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[1]   Letter from FIF to Elizabeth M. Murphy, dated June 13, 2014 ("FIF Letter").
[2]   Letter from CHX to Elizabeth M. Murphy, dated June 9, 2014 ("CHX Letter").
[3]   See, e.g., CBOE Rules 6.24, 6.51(b) and 24.4, Interpretation and Policy .03.
[4]   See SR-CBOE-2014-040 at 4 and note 6.

rule filing.[5] While CBOE will accept feedback from Trading Permit Holders regarding the timing of the implementation date, the Exchange believes the proposed time frame provides Trading Permit Holders with sufficient time to comply with the proposed rule change.

<u>CHX Letter</u>

The CHX Letter supports the proposed rule change. It further provides that it, with coordination with other market participants, is willing to mark every execution resulting from a cross order submitted to CHX with a unique stock leg trade identifier and make such information available to its participants and other market participants in order to further improve monitoring of cross-market trade activity. In response, CBOE appreciates the support for enhancements to its audit trail with respect to cross-market trading activity and welcomes the opportunity to coordinate with other exchanges to identify methods that may create further enhancements and regulatory efficiencies with respect to such activity. However, the Exchange believes this type of cooperative effort would take time to implement. The rule filing identifies an opportunity to enhance CBOE's audit trail in the short-term, and CBOE believes it is necessary to proceed with the rule filing as proposed. To the extent there is an industry-wide effort to identify further opportunities for enhancements in the future, CBOE will gladly cooperate with such an effort and further modify its rules as appropriate in coordination with such an effort.

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CBOE respectfully requests that the Commission approve the proposed rule change. Should you require any further information, please do not hesitate to contact the undersigned.

Sincerely,

Laura G. Dickman

Attachment

cc: Mr. David Hsu, SEC
     Ms. Yvonne Fraticelli, SEC
     Ms. Susie Cho, SEC
     Mr. Charles Sommers, SEC
     Legal Division, CBOE

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[5] <u>See</u> SR-CBOE-2014-040 at 15 – 16.

Regulatory Circular RG14-110

Date: July 10, 2014

To: Trading Permit Holders
From: Regulatory Services Division
RE: Reports of Execution of Stock Transactions Related to Tied to Stock Orders

Chicago Board Options Exchange, Incorporated (the "Exchange") filed proposed rule change SR-CBOE-2014-040 that, among other things and subject to regulatory approval, would require each Trading Permit Holder ("TPH") to, on the business day following the order execution date, report to the Exchange certain information regarding the executed stock or convertible security legs of QCC orders, stock-option orders and other tied to stock orders that the TPH executed on the Exchange that trading day.

Pursuant to proposed Rule 15.2A, the Exchange may determine the form and manner of the reports to be submitted. Pending regulatory approval of rule filing SR-CBOE-2014-040, the Exchange expects the manner and form of these reports to follow the data layout requirements set forth in the attachment to this Regulatory Circular. These requirements are a component of data layout requirements for other regulatory request data submissions. As a result, there are references in the layout not directly applicable to the tied to stock reporting requirement. (See the "Required for Tied to Stock Reporting" column for identification of the applicable fields). If the Exchange determines to update or change these data layout requirements, it will announce those updates or changes in another Regulatory Circular. The Exchange will announce the implementation date for this reporting requirement in a Regulatory Circular within 90 days following the approval of the rule filing referenced above.

Additional Information:

Questions regarding this circular may be directed to the Regulatory Interpretations and Guidance team at reginterps@cboe.com or (312) 786-8141.

See rule filing SR-CBOE-2014-040 for more information regarding proposed rules related to tied to stock orders.

Proposed Data Layout Requirements for Reports of
Stock Transactions Related to Tied to Stock Orders
(As of July 10, 2014)

I. File Requirements

The requirements for the file format, file naming convention, and field formats will be as follows:

> ➤ Files transferred to the Exchanges should be comma delimited
> ➤ All files should be in the compressed GZIP format
> ➤ All files should be pushed to the designated location for retrieval
> ➤ Data provided by the firms that reside at the designated location will only be accessible to Regulatory staff

Data examples included below are fictitious and do not reflect an actual firm or individual's information.

A. File Naming Convention

Along with standardizing the file formats, a standard naming convention will be used for identification from all TPHs when submitting the data. File names are to be supplied in lower case. Submissions are expected to be in a zipped CSV format. The naming convention is as follows:

<tph_name>.<clear_firm>.<data_file_type>.YYYYMMDD.csv.gz

tph_name   -- >> TPH of data
clear_firm   -- >> Clear firm code
data_file_type -- >> as defined in table above
YYYYMMDD   -- >> Year Month and Day file is sent

B. Field Legend

Values that are not applicable/not required, are to be set to null and include the comma delimiter.

The following table describes standard formats for the specified fields:

Field	Description
Date	YYYYMMDD format --- e.g., November 15, 2012 would be entered as --- >>>> 20121115
Price	Maximum 20 characters including decimal point and up to 8 decimal places although 4 decimal points are expected --- >>> 25045.2564

Field	Description
Time	Time is to be entered in Eastern Time, should include milliseconds and be in Military format: HH:MM:SS:THS --- >>> e.g., 14:25:10:123

C. Valid Exchange Acronyms

When an exchange acronym is to be entered, the following acronym format should be used:

EXCH_ACR	EXCH_NAME
AMEX	NYSE MKT
AMEX-O	NYSE AMEX Options Exchange
ARCA	NYSE ARCA Securities Exchange
ARCA-O	NYSE ARCA Options Exchange
BATS	BATS OPTIONS EXCHANGE
BOX	Boston Options exchange
BSE	Boston Stock Exchange
BX	NASDAQ OMX BX
BYX	BATS Y-Exchange
BZX	BATS Z-Exchange
C2	C2 Options Exchange
CBOE	Chicago Board Options Exchange
CBOT	Chicago Board Of Trade (CME Group)
CBSX	CBOE Stock Exchange
CFE	CBOE Futures Exchange
CHX	Chicago Stock Exchange
CME	CME Group
EDGA	EDGA Exchange
EDGX	EDGX Exchange
GEM	ISE Gemini
ISE	International Securities Exchange
LIFFE	NYSE LIFFE
MIA	MIAMI International Stock Exchange
MIAX	Miami Options Exchange
MSE	Montreal Stock Exchange (TMX Group)
NADTRF	NASDAQ TRF
NASDQ	NASDAQ
NFX	NASDAQ OMX Futures Exchange
NSX	National Stock Exchange
NYMEX	NYMEX(CME Group)
NYSE	New York Stock Exchange
NYSETRF	NYSE TRF

EXCH_ACR	EXCH_NAME
ONE	One Chicago
OTC	Over-the-counter
PHLX	NASDAQ OMX PHLX
TSX	Toronto Stock Exchange
OTHER	Other

II. Trades Records

File name: <tph_name>.<clear_firm>_TRADES.YYYYMMDD.csv.gz

Frequency: Daily

File Descr: Information associated with the executed stock or convertible security legs of QCC orders, stock-option orders and other tied to stock orders that the TPH executed on the Exchange.

Field Pos	Field Name	Field Definition	Field Type	Length	Req'd for Tied to Stock Reporting	Example
1	TRADE_DATE	Date Trade occurred	Date	8	Y	20121214
2	TRADE_TIME	Time at which the trade occurred, including milliseconds	TIME	12	Y	14:25:10:123
3	PRODUCT_TYPE	Valid Product Types: E - Equity F - Future O – Option C – Complex (Strategy) Order U – Options on Futures	Character	1	Y	O
4	TRADE_TYPE	BLKT - block trades EXPH – Exchange future for physical MAN - Manual Trade REG - Regular Trade CPSC - Cross product Cross Trade CPSL - Cross Product Leg Trade CASH - Cash Trade INTSW - Intermarket Sweep LINK - Linkage Trade NXTDT - Next Day Trade TWDT - Two Day Trade	Character	5	Y	REG
5	TRADE_ID	Unique identifier assigned to this record of trade	Numeric	20	Y	250105631

Field Pos	Field Name	Field Definition	Field Type	Length	Req'd for Tied to Stock Reporting	Example
6	ACCOUNT_CODE	Account Code For Clearing Firms and Customer Range: Populate this field with the CMTA CODE if applicable, CLEARING FIRM NUMBER if not. For Market Makers: Populate this field with the GROUP ACRONYM if trade is done for a joint account or the TRADER ACRONYM if trade is done for the trader account For CFE: Sub Account	Character	20	Y	QEG
7	ACCOUNT_ORIGIN	For a complete list refer to the Origin Code Circulars issued by the Exchange from time to time e.g., C – Non-Broker-Dealer Public Customer F – Firm Proprietary M - Market Maker	Character	1	Y	M
8	ORDER_ID	References ORDER_ID of the original Order or QUOTE_ID of the Quote for this trade	Numeric	20	Y	2567144131
9	ORDER_ENTRY_DATE	Original Order Entry Date	Date	8	Y	20121214
10	SECURITY_SYMBOL	Underlying Security/Stock symbol	Character	10	Y	NEOP
11	CLASS_SYMBOL	Reporting Class symbol For Equity, CLASS_SYMBOL could match with SECURITY_SYMBOL	Character	10	Y	NEOP
12	EXPIRATION_DATE	Date on which the contract expires	Date	8	N	20130119
13	EXERCISE_PRICE	Exercise Price	Numeric	20	N	3
14	PUT_CALL_CODE	Put/Call Indicator C – Call P – Put	Character	1	N	P
15	ORIG_ORDER_PRICE	Price at which the original order was entered	Numeric	20	Y	5
16	ORIG_ORDER_QUANTITY	Quantity for which the original order was entered	Numeric	20	Y	50
17	TRADE_PRICE	Price at which the trade executed	Numeric	20	Y	2.5
18	TRADE_QUANTITY	Quantity for this trade record	Numeric	20	Y	25

Field Pos	Field Name	Field Definition	Field Type	Length	Req'd for Tied to Stock Reporting	Example
19	TRADER_ACRONYM	Acronym of the trader who submitted the order	Character	5	Y	RIB
20	USER_ID	Identifier of the user or trader when other than acronym. For CFE this is Order Entry Operator (OEO)	Character	10	Y	TZCB
21	FIRM_ID	Unique identifier of the executing firm	Numeric	10	Y	849
22	CLEAR_FIRM_CODE	Clearing firm number used for this trade: Stock – DTCC # Options – OCC #	Numeric	3 - for option exchanges 4 - for stock exchanges	Y	271
23	CLEAR_FIRM _ACRONYM	Firm acronym of the clearing firm used by the executer of trade. Acronym should match its corresponding CLEAR_FIRM _NUMBER	Character	5	Y	TQS
24	CMTA_CODE	Give up firm of the buyer as assigned by the OCC or NSCC	Character	3 - for option exchanges 4 - for stock exchanges	Y	367
25	OPEN_CLOSE_INDICATOR	Open Close Indicator of the buyer's position O – Opening C – Closing N – the buy side is a quote or it is not feasible to identify	Character	1	Y	O
26	USER_ROLE_CODE	User Role in the trader B – Broker Dealer M – Market Maker	Character	1	Y	M
27	CORRES_FIRM_CODE	Correspondent firm acronym. The firm may not be a member firm. The trader submitting an order to indicate the customer on whose behalf this order is submitted	Character	5	Y	FES
28	BUY_SELL_INDICATOR	Side Indicator B - Buy S – Sell H – Short Sale X – Short Sale Exempt (if applicable)	Character	1	Y	B

Field Pos	Field Name	Field Definition	Field Type	Length	Req'd for Tied to Stock Reporting	Example
29	CREATE_REDEEM_TYPE	Type identification for creation or redemption: R - Redemption C - Creation	Character	1	N	
30	EXER_ASGN_TYPE	Exercise or Assignment type E - Exercise A - Assignment	Character	1	N	
31	CRD_NUMBER	For Stock Orders – Central Registration Depository Number	Character	8	Y	
32	AGGREGATION_UNIT	Account for group of traders/units reporting net long and net short positions	Character	20	N	WEGP
33	TRANS_DRCTN	Transaction direction identifies if this transaction is sent to or from Valid values: TO FROM	Character	4	N	FROM
34	TRANS_SITE	Transaction site identifies if this is transaction is sent to or from the customer or exchange Valid values: CUST EXCH	Character	4	N	CUST
35	EXEC_VENUE	Exchange venue of execution - See Valid Exchange Acronyms	Character	10	N	CBOE