

OMB APPROVAL

OMB Number: 3235-0045
 Estimated average burden
 hours per response.....38

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 20

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549
 Form 19b-4

File No.* SR - 2016 - * 059

Amendment No. (req. for Amendments *)

Filing by Chicago Board Options Exchange

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Security-Based Swap Submission pursuant
to the Securities Exchange Act of 1934

Section 806(e)(1) *

Section 806(e)(2) *

Section 3C(b)(2) *

☐
☐
☐

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document



Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposed rule change relating to the Customized Option Pricing Service ("COPS").

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Corinne Last Name * Klott
 Title * Senior Counsel
 E-mail * klott@cboe.com
 Telephone * (312) 786-7793 Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 08/01/2016

By Corinne Klott

(Name *)

Attorney

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Persona Not Validated - 1439308854429,

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFT website.

Form 19b-4 Information *

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

☐

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Exhibit Sent As Paper Document

☐

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

Add Remove View

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

Add Remove View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

Item 1. Text of the Proposed Rule Change

(a) Chicago Board Options Exchange, Incorporated (the “Exchange” or “CBOE”) proposes to re-implement a previous contributor compensation structure of the Customized Option Pricing Service (“COPS”). There is no new proposed rule text.

(b) Not applicable.

(c) Not applicable.

Item 2. Procedures of the Self-Regulatory Organization

(a) The Exchange’s President (or designee) pursuant to delegated authority approved the proposed rule change on July 29, 2016.

(b) Please refer questions and comments on the proposed rule change to Joanne Moffic-Silver, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-7462, or Corinne Klott, (312) 786-7793, Chicago Board Options Exchange, Incorporated, 400 South LaSalle, Chicago, Illinois 60605.

Item 3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

The purpose of the proposed rule change is to re-implement the contributor compensation structure of the Exchange’s COPS,¹ specifically, the COPS data revenue-sharing plan. The Exchange is not proposing to change the fees for COPS data.

¹ See Securities Exchange Act Release Nos. 34-67813 (September 10, 2012), 77 FR 56903 (September 14, 2012) (SR-CBOE-2012-083); 34-67928 (September 26, 2012), 77 FR 60161 (October 2, 2012) (SR-CBOE-2012-090); 34-70705 (October 17, 2013), 78 FR 63265 (October 23, 2013) (SR-CBOE-2013-097); 34-70845 (November 12, 2013), 78 FR 69168 (November 18, 2013) (SR-CBOE-2013-104); 34-72621 (July 16, 2014), 79 FR 42616 (July 22, 2014) (SR-CBOE-2014-057); 34-74159 (January 28, 2015), 80 FR 5863 (February 23, 2015) (SR-CBOE-2015-007); 34-74937 (May 12, 2015), 80 FR 28319 (May 18, 2015) (SR-CBOE-2015-046); and 34-76888 (January 13, 2016), 81 FR 12 (January 20, 2016) (SR-CBOE-2015-122).

Background

COPS provides market participants with an “end-of-day”² file and “historical”³ files of valuations for Flexible Exchange (“FLEX”)⁴ options and certain over-the-counter (“OTC”) options (collectively, “COPS Data”). Market Data Express, LLC (“MDX”), an affiliate of CBOE, offers COPS Data for sale to all market participants. COPS Data is available to “Subscribers” for internal use and internal distribution only, and to “Customers” who, pursuant to a written vendor agreement between MDX and a Customer, may distribute the COPS Data externally (i.e., act as a vendor) and/or use and distribute the COPS Data internally.

COPS Data consists of indicative⁵ values for four categories of “customized” options. The first category of options is all open series of FLEX options listed on any exchange that offers FLEX options for trading.⁶ The second category is OTC options that have the same degree of customization as FLEX options. The third category includes options with strike prices expressed in percentage terms. Values for such options are expressed in percentage terms and are theoretical values.⁷ The fourth category includes “exotic” options.⁸

² “End of day” refers to data that is distributed prior to the opening of the next trading day.

³ “Historical” COPS data consists of COPS data that is over one month old (i.e., copies of the “end-of-day” COPS file that are over one month old).

⁴ FLEX options are exchange traded options that provide investors with the ability to customize basic option features including size, expiration date, exercise style, and certain exercise prices.

⁵ “Indicative” values are indications of potential market prices only and as such are neither firm nor the basis for a transaction.

⁶ Current FLEX options open interest spans over 2,000 series on over 300 different underlying securities.

⁷ These values are theoretical in that they are indications of potential market prices for options that have not traded (i.e. do not yet exist). Market participants sometimes

The Exchange uses values produced by CBOE Trading Permit Holders (“TPHs”) to produce COPS Data. Participating CBOE TPHs submit values to MDX on options series specified by MDX on a daily basis. These values are generated by the TPHs’ internal pricing models. The valuations that MDX ultimately publishes are an average of multiple contributions of values from participating CBOE TPHs. For each value provided by MDX through COPS, MDX includes a corresponding indication of the number of TPH contributors that factored into that value.

CBOE TPHs that meet the following objective qualification criteria are allowed to contribute values to MDX for purposes of producing COPS Data. Interested CBOE TPHs must be approved by the Exchange, have the ability to provide valuations to MDX in a timely manner each day after the close of trading, and sign a services agreement with CBOE. Interested CBOE TPHs must also have the ability to provide both indicative and implied volatility valuations on several different types of options, including (i) options on all open FLEX series traded on any exchange that offers FLEX options for trading, (ii) options on any potential new FLEX options series, (iii) OTC options that have the same degree of customization as FLEX options, (iv) customized options where the strike price is expressed in percentage terms (the valuations provided to MDX must also be expressed in percentage terms), and (v) exotic options. In addition, interested CBOE TPHs must participate in a testing phase with MDX. The values submitted by a TPH

express option values in percentage terms rather than in dollar terms because they find it is easier to assess the change, or lack of change, in the marketplace from one day to the next when values are expressed in percentage terms.

⁸ Exotic options are options which are generally traded OTC and are more complex than standard options, usually relating to determination of payoff. An exotic option may also include a non-standard underlying instrument, developed for a particular client or for a particular market.

during the testing phase and in live production must meet MDX's quality control standards designed to ensure the integrity and accuracy of COPS Data. MDX has implemented procedures including monthly performance reviews to help ensure the integrity and accuracy of COPS Data.

To help ensure that MDX receives numerous values from multiple TPHs on a consistent basis, MDX shares revenue from the sale of COPS Data with participating CBOE TPHs⁹. The amount of revenue that MDX shares with participating TPHs is a percentage of the total revenue received by MDX from the sale of COPS Data. The revenue sharing is based on the following table:

<u># of participating TPHs</u>	<u>Total revenue share</u>	<u>Revenue share per TPH</u>
3	21%	7%
4	24%	6%
5 or more	30%	30% divided by the number of participating TPHs

If only three TPHs participate, MDX shares 21% of total revenue with each TPH receiving a 7% share. If four TPHs participate, MDX shares 24% of total revenue with each TPH receiving a 6% share. If five or more TPHs participate, MDX shares 30% of total revenue divided equally among the TPHs.

In July 2014, the Exchange submitted a proposed rule change to, among other things, temporarily change the COPS contributor compensation structure from a revenue sharing plan to a fixed payment structure for a six-month period ("Fixed Payment

⁹ The fees that MDX charges for COPS Data are set forth on the Price List on the MDX website (www.marketdataexpress.com). MDX currently charges a fee per option per day for "end-of-day" COPS data. The amount of the fee is reduced based on the number of options valuations purchased.

Period”).¹⁰ In May 2015, the Exchange submitted a proposed rule change to change the COPS contributor compensation structure for the remainder of 2015.¹¹ Pursuant to that proposed rule change, as of May 1, 2015, all revenue from the sale of COPS Data was paid to COPS contributors, with revenue divided equally among COPS contributors. In December 2015, As described in that proposed rule change, MDX would transition back to the revenue share plan described above on January 1, 2016. In December 2015, the Exchange submitted a proposed rule change to extend the temporary suspension through June 30, 2016.¹²

Proposal

The Exchange proposes to re-implement the temporary suspension described above through the end of the year. As such, all revenue from the sale of COPS Data would be paid to COPS contributors through December 31, 2016. As before, the revenue would continue to be divided equally among COPS contributors. The Exchange had hoped that at the end June 2016, COPS revenue would be at a level such that the COPS contributors would receive a revenue share roughly in line with the fixed payments they received during the Fixed Payment Period. This has not yet occurred. The payments to COPS contributors are intended to, at a minimum, help COPS contributors cover their costs of producing valuations for COPS while the Exchange continues to grow the COPS business.

¹⁰ See Securities Exchange Act Release No. 34-72621 (July 16, 2014), 79 FR 42616 (July 22, 2014) (SR-CBOE-2014-057).

¹¹ Securities Exchange Act Release No. 34-74937 (May 12, 2015), 80 FR 28319 (May 18, 2015) (SR-CBOE-2015-046).

¹² Securities Exchange Act Release No. 34-76888 (January 13, 2016), 81 FR 12 (January 20, 2016) (SR-CBOE-2015-122). The Exchange is not proposing to eliminate the revenue share plan, but rather re-implement the temporary suspension as described in this rule filing.

(b) 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.¹³ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁴ 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)¹⁵ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes the proposed rule change is not designed to permit unfair discrimination between CBOE TPHs because all COPS data revenue would be divided equally among TPH contributors through December 31, 2016. The Exchange believes the proposed rule change is consistent with the protection of investors and the public interest in that it would provide incentive for all of the COPS contributors to participate in COPS while the Exchange continues to grow the COPS business, thereby helping to maintain the quality of COPS Data.

¹³ 15 U.S.C. 78f(b).

¹⁴ 15 U.S.C. 78f(b)(5).

¹⁵ Id.

Item 4. Self-Regulatory Organization’s Statement on Burden on Competition

CBOE 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. To the contrary, the Exchange believes the proposal is procompetitive in that it will incentivize COPS contributors to continue producing quality valuations to help keep COPS competitive with other similar market data products.¹⁶

Item 5. 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.

Item 6. Extension of Time Period for Commission Action

Not applicable.

Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

(a) The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act¹⁷ and Rule 19b-4(f)(2)¹⁸ thereunder.

(b) The Exchange designates that the proposed rule change establishes or changes a due, fee, or other charge imposed by the Exchange, which renders the proposed rule change effective upon filing with the Securities and Exchange Commission (the “Commission”). At any time within 60 days of the filing of this proposed rule change,

¹⁶ Market data vendors including SuperDerivatives, Markit, Prism, and Bloomberg’s BVAL service produce option value data that is similar to COPS Data. The Options Clearing Corporation (“OCC”) also produces FLEX option value data that is similar to the FLEX option value data that is included in COPS.

¹⁷ 15 U.S.C. 78s(b)(3)(A).

¹⁸ 17 CFR 240.19b-4(f)(2).

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 will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

(c) Not applicable.

(d) Not applicable.

Item 8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is not based on a rule either of another self-regulatory organization or of the Commission.

Item 9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

Item 10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

Item 11. Exhibits

Exhibit 1. Completed Notice of Proposed Rule Change for publication in the Federal Register.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-CBOE-2016-059]

[Insert date]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to COPS

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on [insert date], Chicago Board Options Exchange, Incorporated (the “Exchange” or “CBOE”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ 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 purpose of the proposed rule change is to re-implement the contributor compensation structure of the Exchange’s Customized Option Pricing Service (“COPS”),⁵ specifically, the COPS data revenue-sharing plan. The Exchange is not

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

⁵ See Securities Exchange Act Release Nos. 34-67813 (September 10, 2012), 77 FR 56903 (September 14, 2012) (SR-CBOE-2012-083); 34-67928 (September 26, 2012), 77 FR 60161 (October 2, 2012) (SR-CBOE-2012-090); 34-70705 (October 17, 2013), 78 FR 63265 (October 23, 2013) (SR-CBOE-2013-097); 34-70845 (November 12, 2013), 78 FR

proposing to change the fees for COPS data.

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 purpose of the proposed rule change is to re-implement the contributor compensation structure of the Exchange’s COPS,⁶ specifically, the COPS data revenue-sharing plan. The Exchange is not proposing to change the fees for COPS data.

Background

COPS provides market participants with an “end-of-day”⁷ file and “historical”⁸

69168 (November 18, 2013) (SR-CBOE-2013-104); 34-72621 (July 16, 2014), 79 FR 42616 (July 22, 2014) (SR-CBOE-2014-057); 34-74159 (January 28, 2015), 80 FR 5863 (February 23, 2015) (SR-CBOE-2015-007); 34-74937 (May 12, 2015), 80 FR 28319 (May 18, 2015) (SR-CBOE-2015-046); and 34-76888 (January 13, 2016), 81 FR 12 (January 20, 2016) (SR-CBOE-2015-122).

⁶ See Securities Exchange Act Release Nos. 34-67813 (September 10, 2012), 77 FR 56903 (September 14, 2012) (SR-CBOE-2012-083); 34-67928 (September 26, 2012), 77 FR 60161 (October 2, 2012) (SR-CBOE-2012-090); 34-70705 (October 17, 2013), 78 FR 63265 (October 23, 2013) (SR-CBOE-2013-097); 34-70845 (November 12, 2013), 78 FR 69168 (November 18, 2013) (SR-CBOE-2013-104); 34-72621 (July 16, 2014), 79 FR 42616 (July 22, 2014) (SR-CBOE-2014-057); 34-74159 (January 28, 2015), 80 FR 5863 (February 23, 2015) (SR-CBOE-2015-007); 34-74937 (May 12, 2015), 80 FR 28319 (May 18, 2015) (SR-CBOE-2015-046); and 34-76888 (January 13, 2016), 81 FR 12 (January 20, 2016) (SR-CBOE-2015-122).

⁷ “End of day” refers to data that is distributed prior to the opening of the next trading day.

files of valuations for Flexible Exchange (“FLEX”)⁹ options and certain over-the-counter (“OTC”) options (collectively, “COPS Data”). Market Data Express, LLC (“MDX”), an affiliate of CBOE, offers COPS Data for sale to all market participants. COPS Data is available to “Subscribers” for internal use and internal distribution only, and to “Customers” who, pursuant to a written vendor agreement between MDX and a Customer, may distribute the COPS Data externally (i.e., act as a vendor) and/or use and distribute the COPS Data internally.

COPS Data consists of indicative¹⁰ values for four categories of “customized” options. The first category of options is all open series of FLEX options listed on any exchange that offers FLEX options for trading.¹¹ The second category is OTC options that have the same degree of customization as FLEX options. The third category includes options with strike prices expressed in percentage terms. Values for such options are expressed in percentage terms and are theoretical values.¹² The fourth category includes “exotic” options.¹³

⁸ “Historical” COPS data consists of COPS data that is over one month old (i.e., copies of the “end-of-day” COPS file that are over one month old).

⁹ FLEX options are exchange traded options that provide investors with the ability to customize basic option features including size, expiration date, exercise style, and certain exercise prices.

¹⁰ “Indicative” values are indications of potential market prices only and as such are neither firm nor the basis for a transaction.

¹¹ Current FLEX options open interest spans over 2,000 series on over 300 different underlying securities.

¹² These values are theoretical in that they are indications of potential market prices for options that have not traded (i.e. do not yet exist). Market participants sometimes express option values in percentage terms rather than in dollar terms because they find it is easier to assess the change, or lack of change, in the marketplace from one day to the next when values are expressed in percentage terms.

¹³ Exotic options are options which are generally traded OTC and are more complex than standard options, usually relating to determination of payoff. An exotic option may

The Exchange uses values produced by CBOE Trading Permit Holders (“TPHs”) to produce COPS Data. Participating CBOE TPHs submit values to MDX on options series specified by MDX on a daily basis. These values are generated by the TPHs’ internal pricing models. The valuations that MDX ultimately publishes are an average of multiple contributions of values from participating CBOE TPHs. For each value provided by MDX through COPS, MDX includes a corresponding indication of the number of TPH contributors that factored into that value.

CBOE TPHs that meet the following objective qualification criteria are allowed to contribute values to MDX for purposes of producing COPS Data. Interested CBOE TPHs must be approved by the Exchange, have the ability to provide valuations to MDX in a timely manner each day after the close of trading, and sign a services agreement with CBOE. Interested CBOE TPHs must also have the ability to provide both indicative and implied volatility valuations on several different types of options, including (i) options on all open FLEX series traded on any exchange that offers FLEX options for trading, (ii) options on any potential new FLEX options series, (iii) OTC options that have the same degree of customization as FLEX options, (iv) customized options where the strike price is expressed in percentage terms (the valuations provided to MDX must also be expressed in percentage terms), and (v) exotic options. In addition, interested CBOE TPHs must participate in a testing phase with MDX. The values submitted by a TPH during the testing phase and in live production must meet MDX’s quality control standards designed to ensure the integrity and accuracy of COPS Data. MDX has

also include a non-standard underlying instrument, developed for a particular client or for a particular market.

implemented procedures including monthly performance reviews to help ensure the integrity and accuracy of COPS Data.

To help ensure that MDX receives numerous values from multiple TPHs on a consistent basis, MDX shares revenue from the sale of COPS Data with participating CBOE TPHs¹⁴. The amount of revenue that MDX shares with participating TPHs is a percentage of the total revenue received by MDX from the sale of COPS Data. The revenue sharing is based on the following table:

<u># of participating TPHs</u>	<u>Total revenue share</u>	<u>Revenue share per TPH</u>
3	21%	7%
4	24%	6%
5 or more	30%	30% divided by the number of participating TPHs

If only three TPHs participate, MDX shares 21% of total revenue with each TPH receiving a 7% share. If four TPHs participate, MDX shares 24% of total revenue with each TPH receiving a 6% share. If five or more TPHs participate, MDX shares 30% of total revenue divided equally among the TPHs.

In July 2014, the Exchange submitted a proposed rule change to, among other things, temporarily change the COPS contributor compensation structure from a revenue sharing plan to a fixed payment structure for a six-month period (“Fixed Payment Period”).¹⁵ In May 2015, the Exchange submitted a proposed rule change to change the

¹⁴ The fees that MDX charges for COPS Data are set forth on the Price List on the MDX website (www.marketdataexpress.com). MDX currently charges a fee per option per day for “end-of-day” COPS data. The amount of the fee is reduced based on the number of options valuations purchased.

¹⁵ See Securities Exchange Act Release No. 34-72621 (July 16, 2014), 79 FR 42616

COPS contributor compensation structure for the remainder of 2015.¹⁶ Pursuant to that proposed rule change, as of May 1, 2015, all revenue from the sale of COPS Data was paid to COPS contributors, with revenue divided equally among COPS contributors. In December 2015, As described in that proposed rule change, MDX would transition back to the revenue share plan described above on January 1, 2016. In December 2015, the Exchange submitted a proposed rule change to extend the temporary suspension through June 30, 2016.¹⁷

Proposal

The Exchange proposes to re-implement the temporary suspension described above through the end of the year. As such, all revenue from the sale of COPS Data would be paid to COPS contributors through December 31, 2016. As before, the revenue would continue to be divided equally among COPS contributors. The Exchange had hoped that at the end June 2016, COPS revenue would be at a level such that the COPS contributors would receive a revenue share roughly in line with the fixed payments they received during the Fixed Payment Period. This has not yet occurred. The payments to COPS contributors are intended to, at a minimum, help COPS contributors cover their costs of producing valuations for COPS while the Exchange continues to grow the COPS business.

(July 22, 2014) (SR-CBOE-2014-057).

¹⁶ Securities Exchange Act Release No. 34-74937 (May 12, 2015), 80 FR 28319 (May 18, 2015) (SR-CBOE-2015-046).

¹⁷ Securities Exchange Act Release No. 34-76888 (January 13, 2016), 81 FR 12 (January 20, 2016) (SR-CBOE-2015-122). The Exchange is not proposing to eliminate the revenue share plan, but rather re-implement the temporary suspension as described in this rule filing.

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.¹⁸ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁹ 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)²⁰ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes the proposed rule change is not designed to permit unfair discrimination between CBOE TPHs because all COPS data revenue would be divided equally among TPH contributors through December 31, 2016. The Exchange believes the proposed rule change is consistent with the protection of investors and the public interest in that it would provide incentive for all of the COPS contributors to participate in COPS while the Exchange continues to grow the COPS business, thereby helping to maintain the quality of COPS Data.

¹⁸ 15 U.S.C. 78f(b).

¹⁹ 15 U.S.C. 78f(b)(5).

²⁰ Id.

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

CBOE 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. To the contrary, the Exchange believes the proposal is procompetitive in that it will incentivize COPS contributors to continue producing quality valuations to help keep COPS competitive with other similar market data products.²¹

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act²² and paragraph (f) of Rule 19b-4²³ thereunder. 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 will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

²¹ Market data vendors including SuperDerivatives, Markit, Prism, and Bloomberg's BVAL service produce option value data that is similar to COPS Data. The Options Clearing Corporation ("OCC") also produces FLEX option value data that is similar to the FLEX option value data that is included in COPS.

²² 15 U.S.C. 78s(b)(3)(A).

²³ 17 CFR 240.19b-4(f).

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 e-mail to rule-comments@sec.gov. Please include File Number SR-CBOE-2016-059 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-2016-059. This file number should be included on the subject line if e-mail 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, D.C. 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; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CBOE-2016-059 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁴

Secretary

²⁴ 17 CFR 200.30-3(a)(12).