

OMB APPROVAL

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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 29

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

File No.* SR - 2019 - * 023

Amendment No. (req. for Amendments *)

Filing by Cboe C2 Exchange, Inc.

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

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

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

Section 806(e)(1) *

☐

Section 806(e)(2) *

☐

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

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 *).

The Exchange proposes to introduce a new data product to be known as Open-Close Data and to adopt fees for such product.

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 * Assistant General Counsel
 E-mail * ckloott@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 10/29/2019

By Corinne Klott

(Name *)

Assistant General Counsel

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.

ckloott@cboe.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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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 *

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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 *

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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

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Exhibit Sent As Paper Document

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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

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Exhibit Sent As Paper Document

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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

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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

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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.

1. Text of the Proposed Rule Change

(a) Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² Cboe C2 Exchange, Inc. (the “Exchange” or “C2”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to introduce a new data product to be known as Open-Close Data and to adopt fees for such product. The text of the proposed rule change is provided in Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

(a) The Exchange’s President (or designee) pursuant to delegated authority approved the proposed rule change on August 12, 2019.

(b) Please refer questions and comments on the proposed rule change to Pat Sexton, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-7467, or Corinne Klott, (312) 786-7793, 400 South LaSalle, Chicago, Illinois 60605.

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

(a) Purpose

The Exchange proposes to introduce a new data product on C2 to be known as Open-Close Data, which will be available for purchase to C2 Trading Permit Holders (“TPHS”) and non-TPHs and also adopt fees for Open-Close Data. Cboe LiveVol, LLC (“LiveVol”), a wholly owned subsidiary of the Exchange’s parent company, Cboe Global Markets, Inc., will make the Open-Close Data available for purchase to TPHs and non-

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

TPHs on the LiveVol DataShop website (datashop.cboe.com).³

More specifically, Open-Close Data is a volume summary file for trading activity on C2 Options. The Exchange notes it is proprietary C2 trade data and does not include trade data from any other exchanges. It is also a historical data product and not a real time data feed. The Open-Close Data summarizes and buckets the volume by origin (customer, professional customer, broker-dealer, and market maker), buying/selling, and opening/closing criteria. The customer and professional customer volume is further broken down into trade size buckets (less than 100 contracts, 100-199 contracts, greater than 199 contracts). The data currently goes back to January 2018 and contains all series in an underlying security if it has volume.⁴ The Exchange anticipates a wide variety of market participants to purchase Open-Close Data, including, but not limited to, individual customers, buy-side investors, investment banks and academic institutions. For example, the Exchange notes that academic institutions may utilize the proposed Open-Close Data and as a result promote research and studies of the options industry to the benefit of all market participants. The Exchange believes the proposed Open-Close Data product may also provide helpful trading information regarding investor sentiment and may be used to create and test trading models and analytical strategies and provides comprehensive insight into trading on C2. It is a completely voluntary product, in that the Exchange is not required by any rule or regulation to make this data available and that potential

³ The Exchange initially filed the proposed fee changes on business date August 30, 2019 (SR-C2-2019-019). On business date October 29, 2019, the Exchange withdrew that filing and submitted this filing.

⁴ The Open-Close data file format specifications can be found at <https://datashop.cboe.com/Themes/Livevol/Content/static/OpenCloseSpecification.pdf>

subscribers may purchase it only if they voluntarily choose to do so. The Exchange notes that its affiliate, Cboe Exchange, Inc. (“Cboe Options”), as well as other exchanges, offer a similar data product.⁵

The Exchange proposes to provide in its Fee Schedule that TPHs and non-TPHs may purchase Open-Close Data on a subscription basis (end of day file) or by ad hoc request for a specified month (historical file). The Exchange proposes to assess a monthly fee of \$500 for subscribing to a daily update which will consist of Open/Close data covering all Exchange-listed securities. TPHs and non-TPHs purchasing Open/Close data on a subscription basis will receive access to a daily data file. The Exchange proposes to assess a fee of \$400 per request per month for an ad-hoc request of historical Open/Close data covering all Exchange-listed securities. An ad-hoc request can be for any number of months beginning with January 2018 for which the data is available.⁶ The proposed subscription and ad-hoc fees will apply both to TPHs or non-TPHs. The Exchange notes that other exchanges, including its affiliate Exchange Cboe Exchange, Inc. (“Cboe Options”) provide similar data products that may be purchased on both a subscription and ad-hoc basis and are similarly priced.⁷

(b) Statutory Basis

⁵ See Securities Exchange Act Release No. 55062 (January 8, 2007), 72 FR 2048 (January 17, 2007) (approving SR-CBOE-2006-88); See also Securities Exchange Act Release No. 56254 (August 15, 2007), 72 FR 47104 (August 22, 2007) (SR-ISE-2007-70).

⁶ For example, a TPH or non-TPH that requests historical Open/Close Data for the months of October 2018 and November 2018, would be assessed a total of \$800. The Exchange notes that it may make historical data prior to January 2018 available in the future and that such historical data would be available to all TPHs or non-TPHs.

⁷ See e.g., Cboe Options Fees Schedule, Livevol Fees, Open-Close Data. See also Nasdaq ISE Options 7 Pricing Schedule, Section 10.A.

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁹ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and to protect investors and the public interest, and that it is not designed to permit unfair discrimination among customers, brokers, or dealers. The Exchange also believes that its proposal to adopt fees for Open-Close Data is consistent with Section 6(b) of the Act in general, and furthers the objectives of Section 6(b)(4) of the Act¹⁰ in particular, in that it is an equitable allocation of dues, fees and other charges among its members and other recipients of Exchange data.

In adopting Regulation NMS, the Commission granted self-regulatory organizations (“SROs”) and broker-dealers increased authority and flexibility to offer new and unique market data to the public. It was believed that this authority would expand the amount of data available to consumers, and also spur innovation and competition for the provision of market data. The Exchange believes that the proposed Open-Close Data would further broaden the availability of U.S. option market data to investors consistent with the principles of Regulation NMS. The proposal also promotes increased transparency through the dissemination of Open-Close Data. The proposed rule change would benefit investors by providing access to the Open-Close Data, which as

⁸ 15 U.S.C. 78f.

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ 15 U.S.C. 78f(b)(4).

noted above, may promote better informed trading, as well as research and studies of the options industry. Particularly, information regarding opening and closing activity across different option series may indicate investor sentiment, which can be helpful research and/or trading information. Subscribers to the data may be able to enhance their ability to analyze option trade and volume data, and create and test trading models and analytical strategies. The Exchange believes Open-Close Data provides a valuable tool that subscribers can use to gain comprehensive insight into the trading activity in a particular series, but also emphasizes such data is not necessary for trading. Moreover, the Exchange's affiliate Cboe Options, along with other exchanges, also offer a similar data product.¹¹

The Exchange operates in a highly competitive environment. Indeed, there are currently 16 registered options exchanges that trade options. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Particularly, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹² Making similar data products available to market participants fosters competition in the

¹¹ See Securities Exchange Act Release No. 55062 (January 8, 2007), 72 FR 2048 (January 17, 2007) (approving SR-CBOE-2006-088); See also Securities Exchange Act Release No. 56254 (August 15, 2007), 72 FR 47104 (August 22, 2007) (SR-ISE-2007-70).

¹² See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (“Regulation NMS Adopting Release”).

marketplace, and constrains the ability of exchanges to charge supracompetitive fees. In the event that a market participant views one exchange's data product as more or less attractive than the competition they can and do switch between similar products. The proposed fees are a result of the competitive environment, as the Exchange seeks to adopt fees to attract purchasers of the proposed Open-Close Data product.

The Exchange believes the proposed fees are reasonable as the proposed fees are both modest and similar to, or even lower than, the fees assessed by other exchanges that provide similar data products.¹³ Indeed, proposing fees that are excessively higher than established fees for similar data products would simply serve to reduce demand for the Exchange's data product, which as noted, is entirely optional. Like the Exchange's proposed Open-Close Data product, other exchanges offer similar data products that each provide insight into trading on those markets and may likewise aid in assessing investor sentiment. Although each of these similar open-close data products provide only proprietary trade data and not trade data from other exchanges, it's possible investors are still able to gauge overall investor sentiment across different option series based on open and closing interest on any one exchange.¹⁴ Similarly, market participants may be able to analyze option trade and volume data, and create and test trading models and analytical strategies using only open-close data relating to trading activity on one or more of the other markets that provide similar data products. As such, if a market participant views another exchange's open-close data as more attractive than its proposed open-close data

¹³ See e.g., Cboe Options Fees Schedule, Livevol Fees, Open-Close Data. See also Nasdaq ISE Options 7 Pricing Schedule, Section 10.A.

¹⁴ The exchange notes that its open-close data product does not include data on any exclusive, singly-listed option series.

product, then such market participant can merely choose not to purchase the Exchange's Open-Close Data and instead purchase another exchange's open-close data product, which offer similar data points, albeit based on that other market's trading activity.

The Exchange also believes the proposed fees are reasonable as they would support the introduction of a new market data product that is designed to aid investors by providing insight into trading on C2 Options. The proposed Open-Close Data would provide options market participants with valuable information about opening and closing transactions executed on the Exchange, similar to other historical trade data products offered by competing options exchanges. In turn, this data would assist market participants in gauging investor sentiment and trading activity, resulting in potentially better informed trading decisions. As noted above, users may also use such data to create and test trading models and analytical strategies.

Selling historical market data, such as Open-Close Data, is also a means by which exchanges compete to attract business. To the extent that the Exchange is successful in attracting subscribers for the Open-Close Data, it may earn trading revenues and further enhance the value of its data products. If the market deems the proposed fees to be unfair or inequitable, firms can diminish or discontinue their use of the data and/or avail themselves of similar products offered by other exchanges.¹⁵ The Exchange therefore believes that the proposed fees for Open-Close Data reflect the competitive environment and would be properly assessed on TPH or non-TPH users. The Exchange also believes the proposed fees are equitable and not unfairly discriminatory as the fees would apply equally to all users who choose to purchase such data. The Exchange's proposed fees

¹⁵ See e.g., Cboe Options Fees Schedule, Livevol Fees, Open-Close Data. See also Nasdaq ISE Options 7 Pricing Schedule, Section 10.A.

would not differentiate between subscribers that purchase Open-Close Data, and are set at a modest level that would allow any interested TPH or non-TPH to purchase such data based on their business needs.

As noted above, the Exchange anticipates a wide variety of market participants to purchase Open-Close Data, including but not limited to individual customers, buy-side investors, investment banks and academic institutions. For example, on its affiliate exchange Cboe Options, which also offers an Open-Close Data product, approximately 38% of purchases of historical ad hoc Open-Close Data files are individuals, 33% are buy-side investors or investment banks and 25% are academic institutions. Accordingly, the Exchange anticipates that open-close data may be used not just for commercial or monetizing purposes, but also for educational use and research. The Exchange reiterates that the decision as to whether or not to purchase the Open-Close Data is entirely optional for all potential subscribers. Indeed, no market participant is required to purchase the Open-Close Data, and the Exchange is not required to make the Open-Close Data available to all investors. Rather, the Exchange is voluntarily making historical Open-Close Data available, as requested by customers, and market participants may choose to receive (and pay for) this data based on their own business needs. Potential purchasers may request the data at any time if they believe it to be valuable, or may decline to purchase such data.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Rather, the Exchange believes that the proposal will promote competition by

permitting the Exchange to introduce and sell a data product similar to those offered by other competitor options exchanges.¹⁶ The Exchange is proposing to introduce Open-Close Data in order to keep pace with changes in the industry and evolving customer needs, and believes this proposed rule change would contribute to robust competition among national securities exchanges. As noted, at least three other U.S. options exchanges offer a market data product that is substantially similar to the Open-Close Data. As a result, the Exchange believes this proposed rule change permits fair competition among national securities exchanges.

Furthermore, the Exchange operates in a highly competitive environment, and its ability to price the proposed data product is constrained by competition among exchanges that offer similar data products to their customers. As discussed, there are currently a number of similar products available to market participants and investors. At least three other U.S. options exchanges offer a market data product that is substantially similar to the Open-Close Data, which the Exchange must consider in its pricing discipline in order to compete for the market data.¹⁷ For example, proposing fees that are excessively higher than established fees for similar data products would simply serve to reduce demand for the Exchange's data product, which as discussed, market participants are under no obligation to utilize. In this competitive environment, potential purchasers are free to choose which, if any, similar product to purchase to satisfy their need for market information. As a result, the Exchange believes this proposed rule change permits fair

¹⁶ Id.

¹⁷ See e.g., Cboe Options Fees Schedule, Livevol Fees, Open-Close Data. See also Nasdaq ISE Options 7 Pricing Schedule, Section 10.A and Nasdaq PHLX Options 7 Pricing Schedule, Section 10, PHLX Options Trade Outline ("PHOTO").

competition among national securities exchanges.

The Exchange also does not believe the proposed fees would cause any unnecessary or in appropriate burden on intermarket competition as other exchanges are free to introduce their own comparable data product and lower their prices to better compete with the Exchange's offering. The Exchange does not believe the proposed rule change would cause any unnecessary or inappropriate burden on intramarket competition. Particularly, the proposed product and fees apply uniformly to any purchaser, in that it does not differentiate between subscribers that purchase Open-Close Data. The proposed fees are set at a modest level that would allow any interested TPH or non-TPH to purchase such data based on their business needs

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

6. Extension of Time Period for Commission Action

Not applicable.

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

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act¹⁸ and paragraph (f)(6) of Rule 19b-4 thereunder.¹⁹ The Exchange asserts that the proposed rule change: (1) will not significantly affect the protection of investors or the public interest, (2) will not impose any significant burden on competition,

¹⁸ 15 U.S.C. 78s(b)(3)(A).

¹⁹ 17 CFR 240.19b-4.

and (3) and will not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate. In addition, the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing, or such shorter time as designated by the Commission.²⁰ Accordingly, the Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act²¹ and paragraph (f)(6) of Rule 19b-4 thereunder.²²

The Exchange believes that the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4²³ because the proposed rule change would not significantly affect investors or the public interest. The proposed rule change will not impose any significant burden on competition, but rather the Exchange believes will promote competition by offering a similar product that is offered by other exchanges at a similar, or in some instances, lower, price. The Exchange also notes that because its affiliate, Cboe Options, along with other exchanges, offer a similar data product, the proposed rule change presents no new novel issues. Based on the foregoing, the Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act²⁴ and paragraph (f)(6) of Rule 19b-4 thereunder.²⁵

At any time within 60 days of the filing of the proposed rule change, the

²⁰ 17 CFR 240.19b-4(f)(6)(iii).

²¹ 15 U.S.C. 78s(b)(3)(A).

²² 17 CFR 240.19b-4.

²³ 17 CFR 240.19b-4(f)(6).

²⁴ 15 U.S.C. 78s(b)(3)(A).

²⁵ 17 CFR 240.19b-4(f)(6).

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.

The Exchange respectfully requests that the Commission waive the five-day pre-filing requirement and the 30-day operative delay period after which a proposed rule change under Rule 19b-4(f)(6) becomes effective. The Exchange notes that there are currently three subscribers of the Exchange's Open-Close Data.²⁶ Waiver of these delays would benefit investors by enabling the Exchange to implement the proposed rule change on the same date that the Exchange is withdrawing the original filing that adopted the proposed Open-Close Data and corresponding fees. The waiver of these delays would therefor ensure that such subscribers can continue to purchase Open-Close Data and that there would be no interruption in billing for Open-Close Data. As discussed above, the Exchange believes the proposed data product promotes competition by offering a similar product to that offered by other exchanges. The Exchange also notes that because its affiliate, Cboe Options, along with other exchanges, offer a similar data product, at similar prices, the proposed rule change presents no new or novel issues. Waiver of the operative delay is, therefore, consistent with the protection of investors and the public interest.

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

The proposed rule change is based on the Cboe Options Open-Close Data.

²⁶ The Exchange notes the proposed Open-Close Data has been available for purchase since September 1, 2019 See Securities Exchange Act Release No. 86928 (September 11, 2019), 84 FR 48968 (September 17, 2019) (SR-C2-2019-019).

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

Not applicable.

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

Not applicable.

11. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Federal Register.

Exhibit 5 – Text of the Proposed Rule Change.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-C2-2019-023]

[Insert date]

Self-Regulatory Organizations; Cboe C2 Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Introduce a New Data Product to be Known as Open-Close Data and to Adopt Fees for Such Product

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], Cboe C2 Exchange, Inc. (the “Exchange” or “C2”) 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

Cboe C2 Exchange, Inc. (the “Exchange” or “C2”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to introduce a new data product to be known as Open-Close Data and to adopt fees for such product. The text of the proposed rule change is provided in Exhibit 5.

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).

The text of the proposed rule change is also available on the Exchange's website (http://markets.cboe.com/us/options/regulation/rule_filings/ctwo/), at the Exchange's Office of the Secretary, 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 introduce a new data product on C2 to be known as Open-Close Data, which will be available for purchase to C2 Trading Permit Holders ("TPHS") and non-TPHs and also adopt fees for Open-Close Data. Cboe LiveVol, LLC ("LiveVol"), a wholly owned subsidiary of the Exchange's parent company, Cboe Global Markets, Inc., will make the Open-Close Data available for purchase to TPHs and non-TPHs on the LiveVol DataShop website (datashop.cboe.com).⁵

More specifically, Open-Close Data is a volume summary file for trading activity on C2 Options. The Exchange notes it is proprietary C2 trade data and does not include trade data from any other exchanges. It is also a historical data product and not a real time

⁵ The Exchange initially filed the proposed fee changes on business date August 30, 2019 (SR-C2-2019-019). On business date October 29, 2019, the Exchange withdrew that filing and submitted this filing.

data feed. The Open-Close Data summarizes and buckets the volume by origin (customer, professional customer, broker-dealer, and market maker), buying/selling, and opening/closing criteria. The customer and professional customer volume is further broken down into trade size buckets (less than 100 contracts, 100-199 contracts, greater than 199 contracts). The data currently goes back to January 2018 and contains all series in an underlying security if it has volume.⁶ The Exchange anticipates a wide variety of market participants to purchase Open-Close Data, including, but not limited to, individual customers, buy-side investors, investment banks and academic institutions. For example, the Exchange notes that academic institutions may utilize the proposed Open-Close Data and as a result promote research and studies of the options industry to the benefit of all market participants. The Exchange believes the proposed Open-Close Data product may also provide helpful trading information regarding investor sentiment and may be used to create and test trading models and analytical strategies and provides comprehensive insight into trading on C2. It is a completely voluntary product, in that the Exchange is not required by any rule or regulation to make this data available and that potential subscribers may purchase it only if they voluntarily choose to do so. The Exchange notes that its affiliate, Cboe Exchange, Inc. (“Cboe Options”), as well as other exchanges, offer a similar data product.⁷

⁶ The Open-Close data file format specifications can be found at <https://datashop.cboe.com/Themes/Livevol/Content/static/OpenCloseSpecification.pdf>

⁷ See Securities Exchange Act Release No. 55062 (January 8, 2007), 72 FR 2048 (January 17, 2007) (approving SR-CBOE-2006-88); See also Securities Exchange Act Release No. 56254 (August 15, 2007), 72 FR 47104 (August 22, 2007) (SR-ISE-2007-70).

The Exchange proposes to provide in its Fee Schedule that TPHs and non-TPHs may purchase Open-Close Data on a subscription basis (end of day file) or by ad hoc request for a specified month (historical file). The Exchange proposes to assess a monthly fee of \$500 for subscribing to a daily update which will consist of Open/Close data covering all Exchange-listed securities. TPHs and non-TPHs purchasing Open/Close data on a subscription basis will receive access to a daily data file. The Exchange proposes to assess a fee of \$400 per request per month for an ad-hoc request of historical Open/Close data covering all Exchange-listed securities. An ad-hoc request can be for any number of months beginning with January 2018 for which the data is available.⁸ The proposed subscription and ad-hoc fees will apply both to TPHs or non-TPHs. The Exchange notes that other exchanges, including its affiliate Exchange Cboe Exchange, Inc. (“Cboe Options”) provide similar data products that may be purchased on both a subscription and ad-hoc basis and are similarly priced.⁹

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹⁰ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹¹ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices,

⁸ For example, a TPH or non-TPH that requests historical Open/Close Data for the months of October 2018 and November 2018, would be assessed a total of \$800. The Exchange notes that it may make historical data prior to January 2018 available in the future and that such historical data would be available to all TPHs or non-TPHs.

⁹ See e.g., Cboe Options Fees Schedule, Livevol Fees, Open-Close Data. See also Nasdaq ISE Options 7 Pricing Schedule, Section 10.A.

¹⁰ 15 U.S.C. 78f.

¹¹ 15 U.S.C. 78f(b)(5).

to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and to protect investors and the public interest, and that it is not designed to permit unfair discrimination among customers, brokers, or dealers. The Exchange also believes that its proposal to adopt fees for Open-Close Data is consistent with Section 6(b) of the Act in general, and furthers the objectives of Section 6(b)(4) of the Act¹² in particular, in that it is an equitable allocation of dues, fees and other charges among its members and other recipients of Exchange data.

In adopting Regulation NMS, the Commission granted self-regulatory organizations (“SROs”) and broker-dealers increased authority and flexibility to offer new and unique market data to the public. It was believed that this authority would expand the amount of data available to consumers, and also spur innovation and competition for the provision of market data. The Exchange believes that the proposed Open-Close Data would further broaden the availability of U.S. option market data to investors consistent with the principles of Regulation NMS. The proposal also promotes increased transparency through the dissemination of Open-Close Data. The proposed rule change would benefit investors by providing access to the Open-Close Data, which as noted above, may promote better informed trading, as well as research and studies of the options industry. Particularly, information regarding opening and closing activity across different option series may indicate investor sentiment, which can be helpful research and/or trading information. Subscribers to the data may be able to enhance their ability to analyze option trade and volume data, and create and test trading models and analytical

¹² 15 U.S.C. 78f(b)(4).

strategies. The Exchange believes Open-Close Data provides a valuable tool that subscribers can use to gain comprehensive insight into the trading activity in a particular series, but also emphasizes such data is not necessary for trading. Moreover, the Exchange's affiliate Cboe Options, along with other exchanges, also offer a similar data product.¹³

The Exchange operates in a highly competitive environment. Indeed, there are currently 16 registered options exchanges that trade options. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Particularly, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."¹⁴ Making similar data products available to market participants fosters competition in the marketplace, and constrains the ability of exchanges to charge supracompetitive fees. In the event that a market participant views one exchange's data product as more or less attractive than the competition they can and do switch between similar products. The proposed fees are a result of the competitive environment, as the Exchange seeks to adopt fees to attract purchasers of the proposed Open-Close Data product.

¹³ See Securities Exchange Act Release No. 55062 (January 8, 2007), 72 FR 2048 (January 17, 2007) (approving SR-CBOE-2006-088); See also Securities Exchange Act Release No. 56254 (August 15, 2007), 72 FR 47104 (August 22, 2007) (SR-ISE-2007-70).

¹⁴ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) ("Regulation NMS Adopting Release").

The Exchange believes the proposed fees are reasonable as the proposed fees are both modest and similar to, or even lower than, the fees assessed by other exchanges that provide similar data products.¹⁵ Indeed, proposing fees that are excessively higher than established fees for similar data products would simply serve to reduce demand for the Exchange's data product, which as noted, is entirely optional. Like the Exchange's proposed Open-Close Data product, other exchanges offer similar data products that each provide insight into trading on those markets and may likewise aid in assessing investor sentiment. Although each of these similar open-close data products provide only proprietary trade data and not trade data from other exchanges, it's possible investors are still able to gauge overall investor sentiment across different option series based on open and closing interest on any one exchange.¹⁶ Similarly, market participants may be able to analyze option trade and volume data, and create and test trading models and analytical strategies using only open-close data relating to trading activity on one or more of the other markets that provide similar data products. As such, if a market participant views another exchange's open-close data as more attractive than its proposed open-close data product, then such market participant can merely choose not to purchase the Exchange's Open-Close Data and instead purchase another exchange's open-close data product, which offer similar data points, albeit based on that other market's trading activity.

The Exchange also believes the proposed fees are reasonable as they would support the introduction of a new market data product that is designed to aid investors by

¹⁵ See e.g., Cboe Options Fees Schedule, Livevol Fees, Open-Close Data. See also Nasdaq ISE Options 7 Pricing Schedule, Section 10.A.

¹⁶ The exchange notes that its open-close data product does not include data on any exclusive, singly-listed option series.

providing insight into trading on C2 Options. The proposed Open-Close Data would provide options market participants with valuable information about opening and closing transactions executed on the Exchange, similar to other historical trade data products offered by competing options exchanges. In turn, this data would assist market participants in gauging investor sentiment and trading activity, resulting in potentially better informed trading decisions. As noted above, users may also use such data to create and test trading models and analytical strategies.

Selling historical market data, such as Open-Close Data, is also a means by which exchanges compete to attract business. To the extent that the Exchange is successful in attracting subscribers for the Open-Close Data, it may earn trading revenues and further enhance the value of its data products. If the market deems the proposed fees to be unfair or inequitable, firms can diminish or discontinue their use of the data and/or avail themselves of similar products offered by other exchanges.¹⁷ The Exchange therefore believes that the proposed fees for Open-Close Data reflect the competitive environment and would be properly assessed on TPH or non-TPH users. The Exchange also believes the proposed fees are equitable and not unfairly discriminatory as the fees would apply equally to all users who choose to purchase such data. The Exchange's proposed fees would not differentiate between subscribers that purchase Open-Close Data, and are set at a modest level that would allow any interested TPH or non-TPH to purchase such data based on their business needs.

As noted above, the Exchange anticipates a wide variety of market participants to purchase Open-Close Data, including but not limited to individual customers, buy-side

¹⁷ See e.g., Cboe Options Fees Schedule, Livevol Fees, Open-Close Data. See also Nasdaq ISE Options 7 Pricing Schedule, Section 10.A.

investors, investment banks and academic institutions. For example, on its affiliate exchange Cboe Options, which also offers an Open-Close Data product, approximately 38% of purchases of historical ad hoc Open-Close Data files are individuals, 33% are buy-side investors or investment banks and 25% are academic institutions. Accordingly, the Exchange anticipates that open-close data may be used not just for commercial or monetizing purposes, but also for educational use and research. The Exchange reiterates that the decision as to whether or not to purchase the Open-Close Data is entirely optional for all potential subscribers. Indeed, no market participant is required to purchase the Open-Close Data, and the Exchange is not required to make the Open-Close Data available to all investors. Rather, the Exchange is voluntarily making historical Open-Close Data available, as requested by customers, and market participants may choose to receive (and pay for) this data based on their own business needs. Potential purchasers may request the data at any time if they believe it to be valuable, or may decline to purchase such data.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Rather, the Exchange believes that the proposal will promote competition by permitting the Exchange to introduce and sell a data product similar to those offered by other competitor options exchanges.¹⁸ The Exchange is proposing to introduce Open-Close Data in order to keep pace with changes in the industry and evolving customer needs, and believes this proposed rule change would contribute to robust competition

¹⁸ Id.

among national securities exchanges. As noted, at least three other U.S. options exchanges offer a market data product that is substantially similar to the Open-Close Data. As a result, the Exchange believes this proposed rule change permits fair competition among national securities exchanges.

Furthermore, the Exchange operates in a highly competitive environment, and its ability to price the proposed data product is constrained by competition among exchanges that offer similar data products to their customers. As discussed, there are currently a number of similar products available to market participants and investors. At least three other U.S. options exchanges offer a market data product that is substantially similar to the Open-Close Data, which the Exchange must consider in its pricing discipline in order to compete for the market data.¹⁹ For example, proposing fees that are excessively higher than established fees for similar data products would simply serve to reduce demand for the Exchange's data product, which as discussed, market participants are under no obligation to utilize. In this competitive environment, potential purchasers are free to choose which, if any, similar product to purchase to satisfy their need for market information. As a result, the Exchange believes this proposed rule change permits fair competition among national securities exchanges.

The Exchange also does not believe the proposed fees would cause any unnecessary or in appropriate burden on intermarket competition as other exchanges are free to introduce their own comparable data product and lower their prices to better compete with the Exchange's offering. The Exchange does not believe the proposed rule

¹⁹ See e.g., Cboe Options Fees Schedule, Livevol Fees, Open-Close Data. See also Nasdaq ISE Options 7 Pricing Schedule, Section 10.A and Nasdaq PHLX Options 7 Pricing Schedule, Section 10, PHLX Options Trade Outline ("PHOTO").

change would cause any unnecessary or inappropriate burden on intramarket competition. Particularly, the proposed product and fees apply uniformly to any purchaser, in that it does not differentiate between subscribers that purchase Open-Close Data. The proposed fees are set at a modest level that would allow any interested TPH or non-TPH to purchase such data based on their business needs.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not:

- A. significantly affect the protection of investors or the public interest;
- B. impose any significant burden on competition; and
- C. become operative for 30 days from the date on which it was filed, or such

shorter time as the Commission may designate,

it has become effective pursuant to Section 19(b)(3)(A) of the Act²⁰ and Rule 19b-4(f)(6)²¹ 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

²⁰ 15 U.S.C. 78s(b)(3)(A).

²¹ 17 CFR 240.19b-4(f)(6).

Act. If the Commission takes such action, the Commission will institute proceedings 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 e-mail to rule-comments@sec.gov. Please include File Number SR-C2-2019-023 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-C2-2019-023. 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-C2-2019-023 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.²²

Secretary

²² 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Proposed new language is underlined. Proposed deletions are in [brackets].

Cboe C2 Options Exchange Fees Schedule**Effective October [1]29, 2019**

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Cboe Data Services, LLC Fees:

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Cboe LiveVol, LLC Market Data Fees:**Open-Close Data:**

<u>End-of-Day Subscription</u>	<u>\$500 per month</u>
<u>End-of-Day Ad-hoc Request (historical data)</u>	<u>\$400 per request per month. An ad-hoc request can be for any number of months beginning with January 2018 for which the data is available.</u>

Fees for Open-Close Data are payable by all TPHs and Non-TPHs that subscribe to such data.