

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="23"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2015"/> - * <input type="text" value="037"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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Filing by Chicago Board Options Exchange
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)(5)
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(6)	<input checked="" type="checkbox"/> 19b-4(f)(6)
			<input type="checkbox"/> 19b-4(f)(3)		

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) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description

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

Proposal relating to the Exchange's Arbitration Program

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 * <input type="text" value="Corinne"/>	Last Name * <input type="text" value="Klott"/>
Title * <input type="text" value="Attorney"/>	
E-mail * <input type="text" value="klott@cboe.com"/>	
Telephone * <input type="text" value="(312) 786-7793"/>	Fax <input type="text"/>

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 <input type="text" value="04/01/2015"/>	Attorney <input type="text"/>
By <input type="text" value="Corinne Klott"/>	
(Name *)	

Persona Not Validated - 1396541032712,

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.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF 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 *

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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

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

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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

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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.

Item 1. Text of the Proposed Rule Change

(a) Chicago Board Options Exchange, Incorporated (the “Exchange” or “CBOE”) proposes to adopt a new rule relating to its Arbitration forum. The text of the proposed rule change is provided in Exhibit 5.

[(additions are underlined; deletions are [bracketed])]

* * * * *

**Chicago Board Options Exchange, Incorporated
Rules**

* * * * *

Rule 18.1. Matters Subject to Arbitration

* * * * *

. . . Interpretations and Policies:

.04 Rules 18.1 through 18.37, with the exception of Rule 18.1A, apply only to arbitrations filed prior to [insert Effective Date] and are otherwise of no force or effect. All arbitrations filed prior to [insert Effective Date] shall, until concluded, continue to be administered by the Exchange.

* * * * *

Rule 18.1A. FINRA Jurisdiction over Arbitrations against Trading Permit Holders

(a) General. The Rule 12000 Series and Rule 13000 Series of the FINRA Manual (Code of Arbitration Procedures for Customer Disputes and Code of Arbitration Procedures for Industry Disputes) (the “FINRA Code of Arbitration”), as the same may be in effect from time to time, shall govern Exchange arbitrations except as may be specified in this Rule 18.1A. Definitions in the FINRA Code of Arbitration shall have the same meaning as that prescribed therein, and procedures contained in the FINRA Code of Arbitration shall have the same application as toward Exchange arbitrations.

(b) Jurisdiction. As of [insert Effective Date], any dispute, claim or controversy arising out of or in connection with the Exchange business of any Trading Permit Holder or person associated with a Trading Permit Holder may be arbitrated under this Rule 18.1A except that (1) a dispute, claim, or controversy alleging employment discrimination (including a sexual harassment claim) in violation of a statute may only be arbitrated if the parties have agreed to arbitrate it after the dispute arose; and (2) any type of dispute, claim, or controversy that is not permitted to be arbitrated under the FINRA Code of Arbitration, such as class action claims, shall not be eligible for arbitration under this Rule 18.1A.

(c) Predispute Arbitration Agreements. The requirements of FINRA Rule 2268 shall apply to predispute arbitration agreements between Trading Permit Holders and their customers.

(d) Referrals. If any matter comes to the attention of an arbitrator during and in connection with the arbitrator's participation in a proceeding, either from the record of the proceeding or from material or communications related to the proceeding, that the arbitrator has reason to believe may constitute a violation of the Exchange's Rules or the federal securities laws, the arbitrator may initiate a referral of the matter to the Exchange for disciplinary investigation pursuant to Rule 12104 or Rule 13104 (as applicable) of the FINRA Code of Arbitration.

(e) Payment of Awards. Any Trading Permit Holder, or person associated of a Trading Permit Holder, who fails to honor an award of arbitrators appointed in accordance with Rule 18.1A shall be subject to disciplinary proceedings in accordance with Chapter 17 of Exchange Rules

(f) Other Exchange Actions. The submission of any matter to arbitration under this Chapter shall in no way limit or preclude any right, action or determination by the Exchange which it would otherwise be authorized to adopt, administer or enforce.

... Interpretations and Policies:

.01 For purposes of this Rule 18.1A, the terms Trading Permit Holder and a person associated with a Trading Permit Holder shall be deemed to encompass those persons who were former Trading Permit Holders and former persons associated with a Trading Permit Holder.

* * * * *

(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 January 6, 2015.

(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 Exchange proposes to adopt new Rule 18.1A. Specifically, the Exchange proposes to adopt new Rule 18.1A which will govern all arbitration claims submitted to the Exchange after the proposed rule change becomes operative (“Effective Date”). By way of background, the Exchange currently offers an arbitration facility for any of its Trading Permit Holders (“TPHs”), associated persons or customers to arbitrate disputes, claims or controversies arising out of Exchange business. The Exchange’s arbitration program is governed by Chapter XVIII of the CBOE Rules.

The Exchange recently entered into a Regulatory Services Agreement (“RSA”) with the Financial Industry Regulatory Authority, Inc. (“FINRA”), pursuant to which FINRA, among other things, will provide certain services pertaining to dispute resolution. As such, CBOE will cease to administer an arbitration program for all claims after the Effective Date. More specifically, all arbitration claims filed on and after the Effective Date will be administered by FINRA pursuant to the RSA and the Exchange will continue to administer its arbitration program for all claims filed prior to the Effective Date.

Additionally, the Exchange notes that the rules governing the administration of any particular arbitration will depend on the date the case was filed. This will ensure that any person that filed an arbitration claim under a particular set of arbitration rules will continue to have the case administered pursuant to those rules through the case’s conclusion. Particularly, CBOE Rules 18.1-18.37, with the exception of proposed CBOE

Rule 18.1A will apply to CBOE arbitration cases pending prior to the Effective Date.¹ Thereafter, claims involving TPHs, associated persons of TPHs, and/or customers will be arbitrated under the FINRA Code of Arbitration Procedure for Customer Disputes, the FINRA Code of Arbitration Procedure for Industry Disputes and proposed new Rule 18.1A.

Proposed CBOE Rule 18.1A provides detailed guidance concerning claims involving TPHs, and/or associated persons and/or customers that are asserted on and after the Effective Date. First, disputes, claims or controversies between or among CBOE TPHs and non-CBOE TPHs to resolve TPH-to-TPH, TPH-to-associated person, TPH-to-non-CBOE TPH, associated person-to-associated person, and associated person-to-non-CBOE TPH disputes arising out of or in connection with Exchange business shall be arbitrated pursuant to the FINRA Code of Arbitration. Proposed subparagraph (b) of CBOE Rule 18.1A provides that a dispute, claim, or controversy alleging employment discrimination (including a sexual harassment claim) in violation of a statute however, may only be arbitrated if the parties have agreed to arbitrate it after the dispute arose². Any type of dispute, claim, or controversy that is not permitted to be arbitrated under the FINRA Code of Arbitration, such as class action claims, will also not be eligible for arbitration. CBOE Rule 18.1A will also apply to former CBOE TPHs and former associated persons of CBOE TPHs.

¹ The Exchange notes that there are three cases currently pending.

² The Exchange notes that FINRA rules currently provide that any claim alleging employment discrimination, including any sexual harassment claims, in violation of a statute, will be eligible for arbitration pursuant to either a pre-dispute or a post-dispute agreement to arbitrate. In contrast, proposed Rule 18.1A(b) will permit claims to be arbitrated only when the parties have agreed to arbitrate the claim after it has arisen.

Additionally, proposed CBOE Rule 18.1A(d) will explicitly retain the Exchange's enforcement authority related to arbitration. In appropriate cases, arbitrators refer to the Exchange potential violations of the Exchange's Rules or the federal securities laws that come to their attention during and in connection with a proceeding. CBOE Rule 18.1A will specify that the Exchange will retain the ability to take action based on such referrals that may come from arbitrators in cases being arbitrated at FINRA.

Proposed CBOE Rule 18.1A(e) will also retain the substance of current CBOE Rule 18.37, regarding the obligation to honor arbitration awards. It will provide that any TPH, or associated person of any TPH, that fails to honor an award of arbitrators rendered under CBOE Rule 18.1A shall be subject to disciplinary proceedings in accordance with Chapter 17 of CBOE rules. CBOE Rule 18.1A(f) will also specify that the submission of any matter to arbitration as provided for under the Rule shall in no way limit or preclude any right, action or determination by the Exchange that it would otherwise be authorized to adopt, administer or enforce. CBOE Rule 18.1A(c) will also provide that the requirements of FINRA Rule 2268 shall apply to predispute arbitration agreements between TPHs and their customers.

Finally, Interpretation and Policy .04 is being added to existing CBOE Rule 18.1, to clarify that the current CBOE arbitration rule (Rules 18.1 through 18.37), will apply only to arbitrations commenced prior to the Effective Date and will be otherwise of no force or effect. New Interpretation and Policy .04 will also clarify that all arbitrations filed prior to the Effective Date will, until concluded, continue to be administered by the Exchange.

(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.³ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁴ 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)⁵ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the proposed rule change will facilitate the transition of the Exchange’s arbitration forum to FINRA pursuant to the RSA the Exchange recently entered into. Additionally, the proposed rule change will streamline the arbitration process and provide for a unified and efficient arbitration forum with one set of arbitration rules and administrative procedures for all cases filed after the Effective Date. The Exchange believes that the proposed changes will provide a clear framework to handle arbitrations in a manner that is designed to prevent fraudulent and manipulative acts and practices, and to promote the protection of investors and the public interest.

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(5).

⁵ Id.

Further, the proposed rule changes provide greater harmonization between Exchange Rules and the rules of similar substance and purpose of FINRA, resulting in less burdensome and more efficient regulatory compliance for members of both the Exchange and FINRA (“Dual Members”), removing impediments to and perfecting the mechanism of a free and open market and a national market system.

Finally, the Exchange believes the proposed change promotes the protection of investors and the public interest by continuing to provide market participants with a simple and inexpensive procedure for resolution of their controversies. Specifically, the Exchange notes that while CBOE will cease to administer an arbitration program, TPHs, associated persons and customers will still have an effective forum in which to arbitrate their disputes, claims, or controversies (i.e., TPHs, associated persons and customers will still have the availability of an arbitration program, it will just be FINRA’s program in lieu of CBOE’s). The Exchange believes that FINRA maintains a robust dispute resolution system that provides a clear framework to handle arbitrations in a manner that is designed to prevent fraudulent and manipulative acts and practices and promotes the protection of investors and the public interest.

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. The proposed rule change is not designed to address any competitive issues. Rather, the proposed rule change is designed to facilitate the transition of the Exchange’s arbitration forum to FINRA pursuant to the Regulatory Services Agreement and streamline the arbitration process and provide for a unified and efficient arbitration forum with one set of arbitration rules and administrative procedures for all cases filed after the Effective

Date. Additionally, the proposed rule change provides greater harmonization between the Exchange and FINRA rules of similar purpose, resulting in less burdensome and more efficient regulatory compliance for Dual Members.

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

CBOE does not consent to an extension of the time period for Securities and Exchange Commission (the “Commission”) action on the proposed rule change specified in Section 19(b)(2) of the Act.⁶

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 to take effect pursuant to paragraph (A) of Section 19(b)(3) of the Act⁷.

(b) The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A)⁸ of the Securities Exchange Act of 1934 and Rule 19b-4(f)(6)⁹ thereunder because it effects a change that (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on

⁶ 15 U.S.C. 78s(b)(2).

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(6). Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange notes that the Commission has agreed that the Exchange has satisfied this requirement.

competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

Particularly, the Exchange believes the proposed rule change streamlines the arbitration process and provide for a unified and efficient arbitration forum with one set of arbitration rules for all cases after the Effective Date and administrative procedures, which will protect investors and the public interest. The Exchange also believes this proposal is non-controversial because it promotes the protection of investors and the public interest by providing greater harmonization between the Exchange and FINRA rules of similar purpose, resulting in greater uniformity and less burdensome and more efficient regulatory compliance. Additionally, the Exchange believes the proposed rule change is non-controversial because it promotes the protection of investors and the public interest by continuing to provide market participants with a simple and inexpensive procedure for resolution of their controversies. Specifically, although CBOE will cease to administer an arbitration forum, TPHs, associated persons and customers will still have an effective and robust forum in which to arbitrate their disputes, claims, or controversies (i.e., FINRA's arbitration forum). Finally, the Exchange notes that the proposed rule is substantially similar to current rules of other options exchanges that also have FINRA administer their arbitration forum and therefore does not raise any new, novel, or unique issues.¹⁰

For the foregoing reasons, this rule filing qualifies as a "non-controversial" rule change under Rule 19b-4(f)(6), which renders the proposed rule change effective upon filing

¹⁰ See e.g., International Securities Exchange Rule 1800 ("Arbitration").

with the Commission. At any time within 60 days of the filing of this 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.

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 5. Proposed rule text if not included under Item 1(a).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-CBOE-2015-037]

[Insert date]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Exchange's Arbitration Forum

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 Exchange proposes to adopt new Rule 18.1A relating to arbitration. The text of the proposed rule change is available on the Exchange's website (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

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).

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 adopt new Rule 18.1A. Specifically, the Exchange proposes to adopt new Rule 18.1A which will govern all arbitration claims submitted to the Exchange after the proposed rule change becomes operative ("Effective Date"). By way of background, the Exchange currently offers an arbitration facility for any of its Trading Permit Holders ("TPHs"), associated persons or customers to arbitrate disputes, claims or controversies arising out of Exchange business. The Exchange's arbitration program is governed by Chapter XVIII of the CBOE Rules.

The Exchange recently entered into a Regulatory Services Agreement ("RSA") with the Financial Industry Regulatory Authority, Inc. ("FINRA"), pursuant to which FINRA, among other things, will provide certain services pertaining to dispute resolution. As such, CBOE will cease to administer an arbitration program for all claims after the Effective Date. More specifically, all arbitration claims filed on and after the Effective Date will be administered by FINRA pursuant to the RSA and the Exchange will continue to administer its arbitration program for all claims filed prior to the Effective Date.

Additionally, the Exchange notes that the rules governing the administration of any particular arbitration will depend on the date the case was filed. This will ensure that any person that filed an arbitration claim under a particular set of arbitration rules will continue to have the case administered pursuant to those rules through the case's conclusion. Particularly, CBOE Rules 18.1-18.37, with the exception of proposed CBOE Rule 18.1A will apply to CBOE arbitration cases pending prior to the Effective Date.⁵ Thereafter, claims involving TPHs, associated persons of TPHs, and/or customers will be arbitrated under the FINRA Code of Arbitration Procedure for Customer Disputes, the FINRA Code of Arbitration Procedure for Industry Disputes and proposed new Rule 18.1A.

Proposed CBOE Rule 18.1A provides detailed guidance concerning claims involving TPHs, and/or associated persons and/or customers that are asserted on and after the Effective Date. First, disputes, claims or controversies between or among CBOE TPHs and non-CBOE TPHs to resolve TPH-to-TPH, TPH-to-associated person, TPH-to-non-CBOE TPH, associated person-to-associated person, and associated person-to-non-CBOE TPH disputes arising out of or in connection with Exchange business shall be arbitrated pursuant to the FINRA Code of Arbitration. Proposed subparagraph (b) of CBOE Rule 18.1A provides that a dispute, claim, or controversy alleging employment discrimination (including a sexual harassment claim) in violation of a statute however, may only be arbitrated if the parties have agreed to arbitrate it after the dispute arose⁶. Any type

⁵ The Exchange notes that there are three cases currently pending.

⁶ The Exchange notes that FINRA rules currently provide that any claim alleging employment discrimination, including any sexual harassment claims, in violation of a statute, will be eligible for arbitration pursuant to either a pre-dispute or a post-dispute agreement to arbitrate. In contrast, proposed Rule 18.1A(b) will permit claims to be

of dispute, claim, or controversy that is not permitted to be arbitrated under the FINRA Code of Arbitration, such as class action claims, will also not be eligible for arbitration. CBOE Rule 18.1A will also apply to former CBOE TPHs and former associated persons of CBOE TPHs.

Additionally, proposed CBOE Rule 18.1A(d) will explicitly retain the Exchange's enforcement authority related to arbitration. In appropriate cases, arbitrators refer to the Exchange potential violations of the Exchange's Rules or the federal securities laws that come to their attention during and in connection with a proceeding. CBOE Rule 18.1A will specify that the Exchange will retain the ability to take action based on such referrals that may come from arbitrators in cases being arbitrated at FINRA.

Proposed CBOE Rule 18.1A(e) will also retain the substance of current CBOE Rule 18.37, regarding the obligation to honor arbitration awards. It will provide that any TPH, or associated person of any TPH, that fails to honor an award of arbitrators rendered under CBOE Rule 18.1A shall be subject to disciplinary proceedings in accordance with Chapter 17 of CBOE rules. CBOE Rule 18.1A(f) will also specify that the submission of any matter to arbitration as provided for under the Rule shall in no way limit or preclude any right, action or determination by the Exchange that it would otherwise be authorized to adopt, administer or enforce. CBOE Rule 18.1A(c) will also provide that the requirements of FINRA Rule 2268 shall apply to predispute arbitration agreements between TPHs and their customers.

Finally, Interpretation and Policy .04 is being added to existing CBOE Rule 18.1, to clarify that the current CBOE arbitration rule (Rules 18.1 through 18.37), will apply

arbitrated only when the parties have agreed to arbitrate the claim after it has arisen.

only to arbitrations commenced prior to the Effective Date and will be otherwise of no force or effect. New Interpretation and Policy .04 will also clarify that all arbitrations filed prior to the Effective Date will, until concluded, continue to be administered by the Exchange.

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.⁷ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁸ 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)⁹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the proposed rule change will facilitate the transition of the Exchange’s arbitration forum to FINRA pursuant to the RSA the Exchange recently entered into. Additionally, the proposed rule change will streamline the arbitration process and provide for a unified and efficient arbitration forum with one set of

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

⁹ Id.

arbitration rules and administrative procedures for all cases filed after the Effective Date. The Exchange believes that the proposed changes will provide a clear framework to handle arbitrations in a manner that is designed to prevent fraudulent and manipulative acts and practices, and to promote the protection of investors and the public interest. Further, the proposed rule changes provide greater harmonization between Exchange Rules and the rules of similar substance and purpose of FINRA, resulting in less burdensome and more efficient regulatory compliance for members of both the Exchange and FINRA (“Dual Members”), removing impediments to and perfecting the mechanism of a free and open market and a national market system.

Finally, the Exchange believes the proposed change promotes the protection of investors and the public interest by continuing to provide market participants with a simple and inexpensive procedure for resolution of their controversies. Specifically, the Exchange notes that while CBOE will cease to administer an arbitration program, TPHs, associated persons and customers will still have an effective forum in which to arbitrate their disputes, claims, or controversies (i.e., TPHs, associated persons and customers will still have the availability of an arbitration program, it will just be FINRA’s program in lieu of CBOE’s). The Exchange believes that FINRA maintains a robust dispute resolution system that provides a clear framework to handle arbitrations in a manner that is designed to prevent fraudulent and manipulative acts and practices and promotes the protection of investors and the public interest.

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. The proposed rule change is not designed to address any competitive issues. Rather, the

proposed rule change is designed to facilitate the transition of the Exchange's arbitration forum to FINRA pursuant to the Regulatory Services Agreement and streamline the arbitration process and provide for a unified and efficient arbitration forum with one set of arbitration rules and administrative procedures for all cases filed after the Effective Date. Additionally, the proposed rule change provides greater harmonization between the Exchange and FINRA rules of similar purpose, resulting in less burdensome and more efficient regulatory compliance for Dual Members.

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

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 Act¹⁰ and Rule 19b-4(f)(6)¹¹ 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,

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(6).

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-CBOE-2015-037 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-2015-037. 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-2015-037 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.¹²

Secretary

¹² 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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**Chicago Board Options Exchange, Incorporated
Rules**

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Rule 18.1. Matters Subject to Arbitration

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... Interpretations and Policies:

.04 Rules 18.1 through 18.37, with the exception of Rule 18.1A, apply only to arbitrations filed prior to [insert Effective Date] and are otherwise of no force or effect. All arbitrations filed prior to [insert Effective Date] shall, until concluded, continue to be administered by the Exchange.

* * * * *

Rule 18.1A. FINRA Jurisdiction over Arbitrations against Trading Permit Holders

(a) General. The Rule 12000 Series and Rule 13000 Series of the FINRA Manual (Code of Arbitration Procedures for Customer Disputes and Code of Arbitration Procedures for Industry Disputes) (the “FINRA Code of Arbitration”), as the same may be in effect from time to time, shall govern Exchange arbitrations except as may be specified in this Rule 18.1A. Definitions in the FINRA Code of Arbitration shall have the same meaning as that prescribed therein, and procedures contained in the FINRA Code of Arbitration shall have the same application as toward Exchange arbitrations.

(b) Jurisdiction. As of [insert Effective Date], any dispute, claim or controversy arising out of or in connection with the Exchange business of any Trading Permit Holder or person associated with a Trading Permit Holder may be arbitrated under this Rule 18.1A except that (1) a dispute, claim, or controversy alleging employment discrimination (including a sexual harassment claim) in violation of a statute may only be arbitrated if the parties have agreed to arbitrate it after the dispute arose; and (2) any type of dispute, claim, or controversy that is not permitted to be arbitrated under the FINRA Code of Arbitration, such as class action claims, shall not be eligible for arbitration under this Rule 18.1A.

(c) Predispute Arbitration Agreements. The requirements of FINRA Rule 2268 shall apply to predispute arbitration agreements between Trading Permit Holders and their customers.

(d) Referrals. If any matter comes to the attention of an arbitrator during and in connection with the arbitrator’s participation in a proceeding, either from the record of the proceeding or from material or communications related to the proceeding, that the arbitrator has reason

to believe may constitute a violation of the Exchange's Rules or the federal securities laws, the arbitrator may initiate a referral of the matter to the Exchange for disciplinary investigation pursuant to Rule 12104 or Rule 13104 (as applicable) of the FINRA Code of Arbitration.

(e) Payment of Awards. Any Trading Permit Holder, or person associated of a Trading Permit Holder, who fails to honor an award of arbitrators appointed in accordance with Rule 18.1A shall be subject to disciplinary proceedings in accordance with Chapter 17 of Exchange Rules

(f) Other Exchange Actions. The submission of any matter to arbitration under this Chapter shall in no way limit or preclude any right, action or determination by the Exchange which it would otherwise be authorized to adopt, administer or enforce.

... Interpretations and Policies:

.01 For purposes of this Rule 18.1A, the terms Trading Permit Holder and a person associated with a Trading Permit Holder shall be deemed to encompass those persons who were former Trading Permit Holders and former persons associated with a Trading Permit Holder.

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