



**8011-01p**  
**SECURITIES AND EXCHANGE COMMISSION**  
**(Release No. 34-70766; File No. SR-CBOE-2013-101)**

**October 28, 2013**

**Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Adopt the Concept of a “Responsible Person” on the CBOE Stock Exchange**

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on October 15, 2013, 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 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 the concept of a “Responsible Person” on its CBOE Stock Exchange (“CBSX”). 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.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

**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 Rule 53.9 – Responsible Persons – to its CBSX rules. The proposed rule is to read: The term “Responsible Person” shall mean an individual designated by a CBSX Trader to represent the CBSX Trader in all matters relating to the Exchange. Each CBSX Trader must designate an individual as the Responsible Person for the CBSX Trader. If a CBSX Trader is an individual (and not an organization), that individual will automatically be designated as the CBSX Trader’s Responsible Person. The Responsible Person must be affiliated with the CBSX Trader. The Responsible Person must be a United States-based officer, director or management-level employee of the CBSX Trader, who is responsible for the direct supervision and control of Associated Persons of that CBSX Trader.

The purpose of the adoption of the proposed rule is to have a designated person associated with each CBSX Trader whom CBSX may contact whenever an

issue arises regarding that CBSX Trader or CBSX otherwise needs to contact that CBSX Trader. The Responsible Person will serve as CBSX's person to contact with regards to that CBSX Trader.

The Exchange will conduct a background investigation and review of each Responsible Person. This investigation and review may include a fingerprint criminal background check (while a Form U-4 (which includes a fingerprint check) would already have been filed with FINRA for the person, the Exchange may elect to perform another fingerprint check if the Form U-4 fingerprint check was performed over one year prior to the processing of the Responsible Person application) and the individual's consent to the Exchange's jurisdiction over the individual. The investigation may also include the engagement of an outside investigatory firm to look into the Responsible Person's background, check references, perform a credit check, look into the Responsible Person's registration, education and regulatory background, and ensure that the Responsible Person is not on any government watch lists.

The proposed rule requires that the Responsible Person be affiliated with the CBSX Trader, be a United States-based officer, director or management-level employee of the CBSX Trader, and be responsible for the direct supervision and control of Associated Persons of that CBSX Trader. These requirements are in place in order to ensure that the Responsible Person is a person who is affiliated with the CBSX Trader and is a person who has sufficient responsibility and control with the CBSX Trader to be able to effectively participate and assist with CBSX and to work out any issues that may arise, as well as to be a relevant point of contact to ensure

that any necessary information that is communicated to the Responsible Person is communicated to anyone else relevant that is involved with the CBSX Trader (and to ensure that CBSX can easily contact the Responsible Person and have jurisdiction over the Responsible Person).

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>3</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>4</sup> 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)<sup>5</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange also believes the proposed rule change is consistent with

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<sup>3</sup> 15 U.S.C. 78f(b).

<sup>4</sup> 15 U.S.C. 78f(b)(5).

<sup>5</sup> Id.

Section 6(b)(1) of the Act,<sup>6</sup> which provides that the Exchange be organized and have the capacity to be able to carry out the purposes of the Act and to enforce compliance by CBSX Traders and persons associated with CBSX Traders with the Act, the rules and regulations thereunder, and the rules of the Exchange.

Requiring each CBSX Trader to identify a Responsible Person will make it easier for CBSX to effectively contact and work out issues with a CBSX Trader. This, in turn, will foster cooperation and coordination with persons engaged in regulating trading on CBSX and help to ensure compliance by CBSX Traders with Exchange rules. Simplifying contact between CBSX and CBSX Traders will also remove an impediment to and perfect the mechanism of a free and open market and a national market system. All CBSX Traders will be required to identify a Responsible Person, so this proposed rule change will be applied equally. Finally, another exchange has a similar “Responsible Person” requirement.<sup>7</sup>

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

CBOE does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because all CBSX Traders will be required to identify a Responsible Person, so this proposed rule change will be applied equally. CBOE does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed change only applies to CBSX Traders and

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<sup>6</sup> 15 U.S.C. 78f(b)(1).

<sup>7</sup> See C2 Options Exchange, Incorporated (“C2”) Rules 1.1 (definition of “Responsible Person”) and 3.8.

CBSX, and does not impact trading or competition between CBSX and other exchanges.

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 Act<sup>8</sup> and Rule 19b-4(f)(6)<sup>9</sup> thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments

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<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f)(6).

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](mailto:rule-comments@sec.gov). Please include File Number SR-CBOE-2013-101 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CBOE-2013-101. 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-2013-101 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.<sup>10</sup>

Kevin M. O'Neill,  
Deputy Secretary

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<sup>10</sup> 17 CFR 200.30-3(a)(12).