



SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- 76632; File No. SR-CBOE-2015-104)

December 11, 2015

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Granting Accelerated Approval of a Proposed Rule Change to Trade Expiring MSCI EAFE Index Options Until 3:00 p.m.

I. Introduction

On November 13, 2015, the Chicago Board Options Exchange, Incorporated (the “Exchange” or “CBOE”) filed with the Securities and Exchange Commission (the “Commission”), 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> a proposed rule change to change the trading hours for expiring MSCI EAFE Index (“EAFE”) options. This proposal was published for comment in the Federal Register on November 25, 2015.<sup>3</sup> The Commission received no comments regarding the proposal. This order approves the proposed rule change on an accelerated basis.

II. Description of the Proposed Rule Change

The Exchange proposes to change the trading hours for expiring EAFE options from 10:00 a.m. (Chicago time) on their expiration date to 3:00 p.m. (Chicago time) on their expiration date. When the Exchange first listed EAFE options, the MSCI EAFE Index was not calculated and disseminated during the entire time period during which EAFE options were traded on the Exchange. Accordingly, the Exchange set the initial trading hours for expiring EAFE options to align with expiring EAFE futures contracts traded on the Intercontinental Exchange, Inc.

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

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

<sup>3</sup> See Securities Exchange Act Release No. 76482 (November 19, 2015), 80 FR 73839 (“Notice”).

(“ICE”), which stopped trading at 10:00 a.m. (Chicago time) on the third Friday of the futures contracts month.<sup>4</sup>

The MSCI EAFE Index, however, will now be calculated and disseminated through the close of trading on U.S. markets at 3:00 p.m. (Chicago time). As such, the Exchange understands that ICE is changing the trading hours for expiring EAFE futures contracts listed on ICE from 10:00 a.m. (Chicago time) to 3:15 p.m. (Chicago time).<sup>5</sup> Because the MSCI EAFE Index will now be calculated and disseminated through the close of trading on U.S. markets (until 3:00 p.m. (Chicago time)) and because ICE is also changing the trading hours for expiring EAFE futures (to close at 3:15 p.m. (Chicago time)), the Exchange proposes to change the closing time for trading in expiring EAFE options from 10:00 a.m. (Chicago time) to 3:00 p.m. (Chicago time) on their expiration date.

The Exchange proposes to close trading at 3:00 p.m. (Chicago time) — rather than at 3:15 p.m. (Chicago time), the time ICE ceases trading for expiring EAFE futures contracts — because, according to the Exchange, on the last day of trading, the closing prices of the component stocks, which are used to derive the exercise settlement value of the EAFE options, are known at 3:00 p.m. (Chicago time) (or shortly thereafter).<sup>6</sup> The Exchange further notes that this proposed rule change is consistent with the closing times for other expiring P.M.-settled

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<sup>4</sup> See Notice, supra note 3, at 73840. The Exchange established listing criteria that permits the trading of EAFE options “after trading in all component securities has closed for the day and the index level is no longer widely disseminated at least once every fifteen (15) seconds by one or more major market data vendors, provided that EAFE futures contracts are trading and prices for those contract may be used as a proxy for the current index value.” See CBOE Rule 24.2.01(a)(8).

<sup>5</sup> See Notice, supra note 3, at 73840.

<sup>6</sup> Id.

contracts that underlie indexes that close when the U.S. equity markets close at 3:00 p.m. (Chicago time).<sup>7</sup>

The Exchange proposes to change the trading hours for expiring EAFE options beginning with the December 2015 expiration, which occurs on December 18, 2015. The Exchange is proposing to have this change apply to all EAFE options listed on or before the effective date of this filing and all EAFE options listed afterward.

### III. Discussion and Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>8</sup> In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>9</sup> which requires, among other things, that the rules of a national securities exchange be 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, in general, to protect investors and the public interest.

The Commission believes that it is consistent with the Act for the Exchange to change the trading hours for expiring EAFE options from a close of 10:00 a.m. (Chicago time) to 3:00 p.m. (Chicago time), because the MSCI EAFE Index will now be calculated and disseminated through the close of trading at 3:00 p.m. (Chicago time) and thus the current index value should be widely available to market participants throughout the entire trading day. Further, the proposed rule

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<sup>7</sup> Id.

<sup>8</sup> In approving this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

change will allow the trading hours of EAFE options to continue to closely align with the trading hours of expiring EAFE futures contracts, which the Commission believes will afford investors and market participants the ability to continue to hedge across markets. The Commission also notes that the trading hours are consistent with the closing times of other P.M.-settled contracts listed on the Exchange that underlie indexes that close when the U.S. equity markets close at 3:00 p.m. (Chicago time).<sup>10</sup>

In addition, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,<sup>11</sup> for approving the proposed rule change prior to the 45th day after publication of notice in the Federal Register. The proposed rule change to modify the trading hours of EAFE options was published for a 15-day comment period to ensure that the public had an opportunity to review the proposal and no comments were received. The proposed rule change will increase the trading hours during which EAFE options may be traded, which the Commission believes should broaden the trading and hedging opportunities for investors. Further, the Commission notes that the Exchange represents that the change to the trading hours for EAFE futures will be implemented with the December 2015 expiration. Accordingly, the Commission believes that accelerated approval will maintain consistency in the trading hours of EAFE options and EAFE futures contracts, which should enable cross-market competition and facilitate hedging opportunities. For these reasons, the Commission finds that good cause exists for approving the proposed rule change on an accelerated basis.

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<sup>10</sup> See CBOE Rules 24.6.01, 24.6.03, 24.6.04 and 24.9(e).

<sup>11</sup> 15 U.S.C. 78s(b)(2).

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>12</sup> that the proposed rule change (File No. SR-CBOE-2015-104) be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

Robert W. Errett  
Deputy Secretary

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<sup>12</sup> 15 U.S.C. 78s(b)(2).

<sup>13</sup> 17 CFR 200.30-3(a)(12).

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