

The Commission does not believe that CBOE's proposal, in and of itself, provides evidence that CBOE has failed to meet its exchange obligations. The Commission also notes that CBOE's proposal in no way (1) reduces CBOE's obligations under the Act to meet its regulatory responsibilities as an SRO, or (2) shifts any of CBOE's responsibilities to FINRA. The Commission agrees with CBOE that a Rule 17d-2 plan is available as an option only with respect to broker-dealers that are members of each SRO that is a party to the agreement. CBOE has proposed to require CBSX members to be members of FINRA in order to enhance regulation of their away trading activity. Whether or not there may be other less costly or burdensome ways to enhance regulation of away trading activity by CBSX members, the issue before the Commission is whether the current proposal is consistent with the Exchange Act and the rules and regulations thereunder applicable to SROs. If so, the Commission must approve the proposed rule change. The Commission believes that the proposal is consistent with the Act. As stated above, exchanges may impose membership requirements that are more stringent than those contained in the Act. The Commission has previously approved rules of other exchanges requiring membership in another SRO.

#### IV. Conclusion

For all the reasons discussed above, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to national securities exchanges. *It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>83</sup> that the proposed rule change (SR-CBOE-2013-100) be, and it is hereby approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>84</sup>

**Kevin M. O'Neill,**  
Deputy Secretary.

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members of at least one other SRO, it is evident that its proposal does not reflect that it is in violation of Section 6(b)(1). *Id.*, at note 25.

<sup>83</sup> 15 U.S.C. 78s(b)(2).

<sup>84</sup> 17 CFR 200.30-3(a)(12).

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71509; File No. SR-CBOE-2014-010]

### Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to a Fee for Qualification Examination Waiver Requests

February 7, 2014.

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 February 3, 2014, 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

Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") proposes to establish a fee for qualification examination waiver requests. The text of the proposed rule change is available on the Exchange's Web site (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), 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.

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

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

#### A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

CBOE Rule 3.6A, Interpretation and Policy .05, authorizes the Exchange, in exceptional cases and where good cause is shown, to waive qualification examinations and accept other standards as evidence of an applicant's qualification for registration. This authority is to be exercised in exceptional cases and where good cause is shown by the applicant. The rule further states that advanced age or physical infirmity, will not individually of themselves constitute sufficient grounds to waive a qualification examination. Experience in fields ancillary to the securities business may constitute sufficient grounds to waive a qualification examination.

The Exchange has entered into a regulatory services agreement ("RSA") with the Financial Industry Regulatory Authority, Inc. ("FINRA") pursuant to which FINRA will process qualification examination waiver requests on behalf of the Exchange ("Waiver Requests").<sup>3</sup> Under the RSA, CBOE Trading Permit Holders ("TPHs") and persons associated with CBOE TPHs seeking a waiver of a qualification examination will submit a Waiver Request to FINRA.<sup>4</sup> FINRA will process all Waiver Requests submitted by CBOE TPHs and their associated persons, whether the Waiver Request is for a FINRA examination or a non-FINRA examination (e.g., the Series 56 examination).

FINRA will review each Waiver Request based on guidelines approved by the Exchange and provide the Exchange with a recommendation regarding the disposition of the Waiver Request. The Exchange will make the final decision regarding whether or not to grant or deny a Waiver Request.<sup>5</sup> FINRA will maintain files and records made, collected or otherwise created by FINRA in the course of performing services under the RSA. Such files and records shall include, but not be limited to, FINRA Waiver Request disposition recommendations and the basis for its

<sup>3</sup> CBOE Rule 15.9(b) authorizes the Exchange to enter into agreements with another self-regulatory organization to provide regulatory services to the Exchange to assist the Exchange in discharging its obligations under Section 6 and Section 19(g) of the Securities Exchange Act of 1934.

<sup>4</sup> Currently, Waiver Requests must be submitted to FINRA through the FINRA Firm Gateway.

<sup>5</sup> Notwithstanding the RSA, the Exchange shall retain ultimate legal responsibility for, and control of, its self-regulatory responsibilities.

recommendations,<sup>6</sup> CBOE decisions and the basis for its decisions,<sup>7</sup> and letters sent to requesting CBOE TPHs communicating CBOE's decisions.

The Exchange will pay a fee to FINRA under the RSA for each Waiver Request of a non-FINRA examination (e.g., the Series 56 examination) processed by FINRA. The Exchange proposes to charge CBOE TPHs a fee of \$200 for each Waiver Request of a non-FINRA examination processed by FINRA. The proposed fee would help the Exchange recoup its costs under the RSA.

The proposed fee would be effective on February 3, 2014.

## 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.<sup>8</sup> Specifically, the Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act,<sup>9</sup> which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>10</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange believes the proposed fee is reasonable because it would help the Exchange recoup its costs in engaging FINRA to process Waiver Requests of non-FINRA examinations by CBOE TPHs and their associated persons. The Exchange believes the proposed fee is equitable and not unfairly discriminatory because it would apply equally to all CBOE TPHs who submit Waiver Requests of non-FINRA examinations.

<sup>6</sup> The recommendation provided to CBOE will include a detailed explanation and justification as to whether to grant or deny the Waiver Request, and in those cases where the recommendation is to grant a waiver, the reasoning shall support why FINRA believes it is an exceptional case and that good cause has been shown to warrant the granting of the Waiver Request.

<sup>7</sup> CBOE will notify FINRA in writing of its final decision regarding whether to grant or deny a Waiver Request, including any additional information regarding such decision.

The Commission expects CBOE to document in writing its rationale for any decision when CBOE determines not to follow FINRA's recommendation.

<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(4).

<sup>10</sup> *Id.* [sic]

## 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 Exchange does not believe that the proposed fee will impose an unnecessary burden on intramarket competition because it would apply equally to all CBOE TPHs who submit Waiver Requests of non-FINRA examinations. The Exchange does not believe that the proposed fee will impose an unnecessary burden on intermarket competition because the fee would only apply to CBOE TPHs.

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

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

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>11</sup> and paragraph (f) of Rule 19b-4<sup>12</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 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 email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-CBOE-2014-010 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-2014-010. This file number should be included on the subject line if email 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 Web site (<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 Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 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-2014-010 and should be submitted on or before March 6, 2014.

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

**Kevin M. O'Neill,**

*Deputy Secretary.*

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<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f).

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