

## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meetings

**FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT:** 89 FR 15623, March 4, 2024.

**PREVIOUSLY ANNOUNCED TIME AND DATE OF THE MEETING:** Wednesday, March 6, 2024, at 9:45 a.m.

**CHANGES IN THE MEETING:** The order of agenda items for the Open Meeting scheduled for Wednesday, March 6, 2024, at 9:45 a.m. has been changed as follows:

1. The Commission will consider whether to adopt rules to require registrants to provide certain climate-related information in their registration statements and annual reports.

2. The Commission will consider whether to adopt amendments to the national market system (NMS) stock order execution disclosure requirements of Regulation NMS under the Securities Exchange Act of 1934 that would expand the scope of entities subject to Rule 605, modify the categorization and content of order information reported under the rule, and require reporting entities to produce a summary report of execution quality.

**CONTACT PERSON FOR MORE INFORMATION:** For further information; please contact Vanessa A. Countryman from the Office of the Secretary at (202) 551-5400.

(Authority: 5 U.S.C. 552b)

Dated: March 5, 2024.

**J. Matthew DeLesDernier,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-99655; File No. SR-CBOE-2024-006]

### Self-Regulatory Organizations; Cboe Exchange, Inc.; Order Granting Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To List and Trade Options That Overlie a Reduced Value of the MSCI World Index, the Full Value of the MSCI ACWI Index, and a Reduced Value of the MSCI USA Index

March 1, 2024

#### I. Introduction

On January 10, 2024, Cboe Exchange, Inc. (“Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”), pursuant to Section 19(b)(1) of the Securities

Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to list and trade options that overlie a reduced value of the MSCI World Index, the full value of the MSCI ACWI Index, and a reduced value of the MSCI USA Index. On January 17, 2024, the Exchange filed Amendment No. 1 to the proposed rule change, which replaced the initial filing in its entirety. The proposed rule change, as modified by Amendment No. 1, was published for comment in the **Federal Register** on January 29, 2024.<sup>3</sup> The Commission did not receive any comments on the proposed rule change. As discussed further below, the Commission is approving the proposed rule change, as modified by Amendment No. 1.

#### II. Description of the Proposal

The Exchange proposes to list and trade options that overlie, respectively, a reduced value of the MSCI World Index (“MXWLD options”), the full value of the MSCI ACWI Index (“MXACW options”), and a reduced value of the MSCI USA Index (“MXUSA options”). Each of these indexes is a free float-adjusted market capitalization index designed to measure equity market performance. The Exchange states that these three indexes are calculated by MSCI, Inc. (“MSCI”) in U.S. dollars on a real-time basis from the open of the first market on which the components are traded to the closing of the last market on which the components are traded.<sup>4</sup> According to the Exchange, the methodology used to calculate each index is similar to the methodology used to calculate the value of other benchmark market-capitalization weighted indexes, including the MSCI EAFE and EM Indexes, on which the Exchange currently may list options.<sup>5</sup>

The MSCI World Index is designed to measure the equity performance of developed markets; specifically, it consists of large- and mid-cap component stocks from 23 developed markets, has 1,509 constituents, and covers approximately 85% of the free float-adjusted market capitalization in

each country.<sup>6</sup> The MSCI ACWI Index is designed to measure the equity performance of developed markets and emerging markets; specifically, it consists of large- and mid-cap component stocks from 23 developed markets and 24 emerging markets, has 2,946 constituents, and covers approximately 85% of the global investment opportunity set.<sup>7</sup> The MSCI USA Index is designed to measure the equity performance of large- and mid-cap segments of the U.S. market, has 625 constituents, and covers approximately 85% of the free float-adjusted market capitalization in the United States.<sup>8</sup> There are exchange traded funds (“ETF(s)”) and futures contracts overlying each of these indexes, and there are options overlying the MSCI World and MSCI ACWI ETFs that are listed on the Exchange and actively traded.<sup>9</sup>

The Exchange proposes to list MXWLD and MXUSA options based on 1/100th of the value of the respective underlying index. According to the Exchange, listing these proposed options on a reduced value of the underlying index will attract a greater source of customer business than if options were based on the full value of the index.<sup>10</sup> The Exchange states that listing these proposed options on a reduced value of the index may enhance investors’ opportunities to hedge, or speculate on, the market risk associated with the stocks comprising the index and, by reducing the value of the index, investors will be able to use this trading vehicle while extending a smaller outlay of capital.<sup>11</sup> Moreover, the Exchange states that this may attract additional investors, and, in turn, create a more active and liquid trading environment.<sup>12</sup>

The Exchange proposes to apply to each of the MSCI World, ACWI, and USA Index the same initial and maintenance listing criteria that currently apply to the MSCI EAFE and EM Indexes.<sup>13</sup> The Exchange states that this is appropriate because each of the MSCI World, ACWI, and USA Index has

<sup>6</sup> See Notice, *supra* note 3, at 5590.

<sup>7</sup> See *id.*

<sup>8</sup> See *id.*

<sup>9</sup> See *id.* For more detail regarding the calculation of the MSCI World, ACWI, and USA Indexes, see *id.* at 5589–90.

<sup>10</sup> See *id.* at 5590.

<sup>11</sup> See *id.*

<sup>12</sup> See *id.*

<sup>13</sup> See proposed Exchange Rule (“Rule”) 4.10(h) and (i); see also Notice, *supra* note 3, at 5590–91. The Exchange states that each of the MSCI World, ACWI, and USA Index satisfies the initial listing criteria set forth in Rule 4.10(h). See *id.* at 5590. The Commission previously approved this listing criteria when it approved the listing and trading of EAFE and EM options. See *supra*, note 5.

<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. 99416 (January 23, 2024), 89 FR 5589 (“Notice”). In Amendment No. 1, the Exchange revised its initial proposal such that the last trading day for MSCI USA Index options would be the expiration date of the specific series. See *id.* at 5589 n. 3.

<sup>4</sup> See Notice, *supra* note 3, at 5589.

<sup>5</sup> See *id.* The Commission previously approved the listing and trading of options on the MSCI EAFE Index (“EAFE options”) and the MSCI EM Index (“EM options”). See Securities Exchange Act Release No. 74681 (April 8, 2015), 80 FR 20032 (April 14, 2015) (SR-CBOE-2015-023).