

EXECUTE SUCCESS<sup>SM</sup>

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September 8, 2015

**Via Electronic Submission**

Brent J. Fields  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

RE: File Number S7-11-15 Request for Comment on Topics Related to the Listing and Trading of Exchange-Traded Products

Dear Mr. Fields:

The Chicago Board Options Exchange, Incorporated (“CBOE”) submits this letter in response to the Securities and Exchange Commission’s (“SEC” or “Commission”) request for public comment on topics related to the listing and trading of exchange-traded products (“ETPs”) on national securities exchanges and sales of these products by broker-dealers. We understand the expanded scope and complexity of ETPs have led to an increased amount of rule filings related to the listing of ETPs and requests for specific exemptive relief from ETP issuers.

We take this opportunity to comment on the listing standards related to ETPs and options on ETPs.

## **CBOE and Options on ETPs**

CBOE is the largest U.S. options exchange and creator of listed options. CBOE sets the bar for options and volatility trading through product innovation, trading technology and investor education. CBOE offers options trading on various market indexes as well as options on the stocks of individual corporations and options on exchange-traded products, such as exchange traded funds and exchange traded notes.

Options contracts on over 500 individual ETPs are traded on the CBOE. These include, but are not limited to, commodity-based ETP options, currency-related ETP options, global-related ETP options and interest-rate-related ETP options. As ETPs essentially trade like stock, options on ETPs are operationally similar to options on stock. Options on ETPs traded on the CBOE are physically settled in that exercise of an option on an ETP will result in delivery of ETP shares. Options on ETPs traded on the CBOE have an American-style exercise feature in that they generally may be exercised on any business day prior to the option expiration date. Like options on stock, options on ETPs are often used to hedge positions in ETPs.

## **Listing standards related to ETPs**

The CBOE, as a product innovator, recognizes the inherent difficulties in bringing new and complex products to market. We believe that the next generation of ETPs will offer investors opportunities to invest in certain strategies that have been available only to a handful of high net worth individuals through hedge funds. We hope that the SEC will be open to ETPs that employ alternative investment strategies using futures and options. CBOE encourages the Commission to continually evaluate its approach to allowing new products, including ETPs, and to streamline the evaluation process. CBOE believes broadening generic listing standards for ETPs could significantly reduce the number of filings the Commission handles related to these products. We offer that the risk to the market, in expanding generic listing standards, is low because new products are typically evaluated thoroughly at an exchange/SRO level prior to submission to the Commission.

The CBOE has further noted that the listing of new products, including ETPs, can often be burdened by questions of jurisdiction when the product in question has reference or underlying assets that may be regulated by both the SEC and the Commodities Futures Trading Commission (“CFTC”). CBOE believes there should be a more transparent method of gaining approval for products that may contain elements of both SEC and CFTC regulated assets. CBOE further submits that the approval process for products that reference both SEC and CFTC regulated assets should be harmonized across both organizations.

## **Listing Options on ETPs**

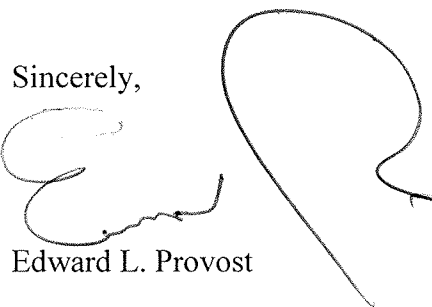
As mentioned above, option contracts on ETPs are often used as hedging vehicles for those market participants carrying positions in the underlying product. As such, they occupy an integral position in the overall investment strategy of many market participants. CBOE believes that options on ETPs should be unencumbered by specific listing standards applicable to the ETPs primary listing market(s). If an ETP is approved for listing on a primary market, options

on that ETP should be available for trading and unburdened by any additional listing standards. We offer that the time to determine whether an ETP achieves its specific investment objectives, and is therefore appropriate for public use, is when the underlying ETP is approved for listing on a national securities exchange and not when determining whether options on that specific product may trade.

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We appreciate the Commission's efforts to explore issues related to its oversight of the listing and trading of ETPs. We would welcome the opportunity to discuss any of these issues further.

Sincerely,



Edward L. Provost

cc: Mary Jo White, Chair  
Luis A. Aguilar, Commissioner  
Daniel M. Gallagher, Commissioner  
Michael S. Piwowar, Commissioner  
Kara M. Stein, Commissioner