Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 51	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2017 - * 068 Amendment No. (req. for Amendments *)

Filing by   Cboe Exchange, Inc.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * ☑	Amendment * ☐	Withdrawal ☐	Section 19(b)(2) * ☐	Section 19(b)(3)(A) * ☑	Section 19(b)(3)(B) * ☐

Rule

Pilot ☐	Extension of Time Period for Commission Action * ☐	Date Expires *		19b-4(f)(1) ☐ 19b-4(f)(4) ☐ 19b-4(f)(2) ☐ 19b-4(f)(5) ☐ 19b-4(f)(3) ☐ 19b-4(f)(6) ☑

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * ☐ Section 806(e)(2) * ☐	Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ▣   Exhibit 3 Sent As Paper Document ▣

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposed rule change to describe functionality of and adopt fees for a new front-end order entry and management platform.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Laura	Last Name * Dickman
Title * Lead Counsel	
E-mail * dickman@cboe.com	
Telephone * (312) 786-7572 Fax	

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date	11/02/2017	SVP, Associate General Counsel
By	Anders Franzon	
	(Name *)	

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

afranzon@bats.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document
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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document
☐

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

Item 1. **Text of the Proposed Rule Change**

(a) Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") proposes to describe the functionality of and adopt fees for the use of the Silexx trading platform ("Silexx" or the "platform") in connection with the purchase of assets from Silexx Financial Systems, LLC (SFS). The text of the proposed rule change is provided in Exhibit 5.

(b) Not applicable.

(c) Not applicable.

Item 2. **Procedures of the Self-Regulatory Organization**

(a) The Exchange's President (or designee) approved the proposed rule change on November 1, 2017.

(b) Please refer questions and comments on the proposed rule change to Joanne Moffic-Silver, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-7462, or Laura G. Dickman, (312) 786-7572, Chicago Board Options Exchange, Incorporated, 400 South LaSalle, Chicago, Illinois 60605.

Item 3. **Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

(a) Purpose

The purpose of this filing is to describe the functionality and adopt fees for the use of Silexx, a new front-end order entry and management platform. On the date of this filing, Cboe Silexx, LLC (a wholly owned subsidiary of Cboe Options' parent company, Cboe Global Markets, Inc.) ("Cboe Silexx") entered into a definitive asset purchase agreement with SFS pursuant to which Cboe Silexx agreed to purchase Silexx, a front-end, broker-neutral, multi-asset class order entry and management trading platform.

Silexx is an order entry and management trading platform for listed stocks and options that support both simple and complex orders.[1] The platform is a software application that is installed locally on a user's desktop. The platform provides users with the capability to send option orders to U.S. options exchanges and stock orders to U.S. stock exchanges (and other trading centers[2]), and allows users to input parameters to control the size, timing and other variables of their trades.[3] Silexx includes access to real-time options and stock market data, as well as access to certain historical data. The

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[1] The platform also permits users to submit orders for commodity futures, commodity options and other non-security products to be sent to designated contract markets, futures commission merchants, introducing brokers or other applicable destinations of the users' choice.

[2] A "trading center," as provided under Rule 600(b)(78) of Regulation NMS, 17 CFR 242.600(b)(78), means a national securities exchange or national securities association that operates a self-regulatory organization trading facility, an alternative trading system, an exchange market-maker, an over-the-counter market-maker, or any other broker or dealer that executes orders internally by trading as principal or crossing orders as agent.

[3] The platform also provides position and risk management capabilities. The risk management functionality allows users to, among other things, set pre-trade customizable risk controls. Users of these risk controls set the parameters for the controls (to the extent an executing broker sublicenses the platform to its customers (see below), the executing broker may set risk controls on behalf of its customers). Users have the option to instead use other third-party risk control software or technology. The Exchange notes that executing broker-dealers (including Trading Permit Holders) must ensure that any orders that come from the platform to their systems will be subject to all applicable pre-trade risk control requirements in accordance with Rule 15c3-5 of the Securities Exchange Act of 1934 (the "Act"). See 17 CFR 240.15c3-5. Please note that, in the adopting release for Rule 15c3-5 under the Act, the Securities and Exchange Commission (the "Commission") indicated that a broker-dealer relying on risk management technology developed by third parties should perform appropriate due diligence to help assure the controls are reasonably designed, effective, and otherwise consistent with Rule 15c3-5. Mere reliance on representations of the third-party technology developer, even if an exchange or other regulated entity, is insufficient to meet this due diligence standard.

platform provides users with the ability to maintain an electronic audit trail and provide detailed trade reporting.[4] Use of Silexx is completely optional.

Silexx is designed so that a user may enter orders into the platform to send to the executing broker (including Trading Permit Holders) of its choice with connectivity to the platform, which broker can then send orders to Cboe Options (if the broker-dealer is a Trading Permit Holder) or other U.S. exchanges (and trading centers) in accordance with the users' instructions.[5] If a user sends an order through the platform to an executing broker, the broker will route that order to a market for execution on behalf of the entering user.[6] The executing broker to which a user chooses to route an order is entirely within a user's discretion.[7] Users cannot directly route orders through the platform to an exchange or trading center. For users' convenience, Cboe Silexx will make available on Cboe Options' website the list of executing brokers that provide connectivity to the

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[4]   The functionality of the platform that formats users' stock and option orders entered into it for users, which then submit those orders to broker-dealers or to exchanges (if the user is a broker-dealer) for execution, is the basis for this rule filing. Certain versions of the platform (as further described below) include other functionality, including additional risk controls and certain data analysis tools for real-time and historical data, including market scanners, watchlists and alerts and other advanced analytical tools, including time and sales analytics, charting capabilities, alerts, position analytics, and "Greek" calculations. These data analysis tools are not subject to this rule filing.

[5]   Currently, Silexx is not connected directly to Cboe Options, and thus orders may not be sent directly from the platform to Cboe Options. The Exchange may determine going forward to develop such a direct connection, which would only be available to platform users that are Trading Permit Holders, and would submit any necessary rule changes related to such platform changes.

[6]   A user may also be an executing broker if the user has connectivity to, and is a member of, Cboe Options or other options and/or stock exchanges (or trading centers).

[7]   Currently, there are over 20 executing brokers with connections to Silexx to which users may route orders.

platform. The Exchange notes that executing broker's decision to connect to Silexx is within that firm's sole discretion.[8]

Certain executing brokers may permit Silexx users to designate a market to which the broker is to route an order received from the platform. Other executing brokers may employ "smart router" functionality, which generally determines where to route an order based on the brokers' pre-set algorithmic logic. Executing brokers may also provide users with the ability to either designate a destination market (an order-by-order basis or by default) or use the smart router functionality. Which executing broker a user chooses to use (and thus which type of routing permissions are available to a user) is entirely within a user's discretion (as discussed below, addition of such features to the platform are subject to a fee).

The Exchange represents Silexx is merely a new front-end order entry and management system that interfaces to the systems of various broker-dealers that elect to connect to the platform. The platform is not integrated into and currently has no connectivity to Cboe Options' trading system (or the trading systems of any other U.S. exchange or trading center). Cboe Options currently offers a similar front-end order entry system, the PULSe workstation, which permits users to enter orders for submission to Cboe Options and other markets. Thus, orders submitted through the platform will ultimately come to Cboe Options or other exchanges for execution through third-party routing technology. There will be no change to, or impact on, the Exchange's market

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[8] To the extent a firm sublicenses Silexx to its customers (see below), the firm will determine which executing broker to use for platforms used by the firm and its customers (if the firm is not itself an executing broker). Users enter into separate agreements with execution brokers (to which Cboe Options or Cboe Silexx would not be a party).

structure as a result of offering the platform. As a result, the Exchange represents the platform does not require any changes to the Exchange's surveillance or communications rules.

Use of Silexx is completely voluntary. Cboe Silexx will make the platform available to users (and in certain cases, their customers, as further described below) as a convenience for entering and managing orders, but the platform is not an exclusive means for any user to send orders to Cboe Options or intermarket. Orders entered into the platform that are ultimately routed to Cboe Options for execution will receive no preferential treatment as compared to orders electronically sent to Cboe Options in any other manner. Orders entered into the platform that get routed to Cboe Options will be subject to current trading rules in the same manner as all other orders sent to the Exchange, which is the same as orders that are sent through the system to the Exchange today. The Cboe Options trade engine does not distinguish between orders sent from Silexx and orders sent in any other manner.

Cboe Silexx will begin making the system available to users upon the closing of the acquisition of Silexx.[9] Cboe Silexx will grant users licenses to use Silexx. The Exchange notes that a firm or individual does not need to be a Trading Permit Holder to license the platform, because, as discussed above, a non-Trading Permit Holder may route an order through the platform to an executing broker that is a Trading Permit Holder, which broker can then route the order to Cboe Options (or any other U.S. exchange of which it is a member). Additionally, the platform is not currently directly

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[9]   Cboe Silexx intends to close the acquisition on the signing date (and date of this rule filing). The proposed rule change will be operative on the closing date (subject to Commission approval of the requested operative delay waiver).

connected to Cboe Options (or any other U.S. exchange), and orders submitted into the platform for execution must be routed through the connectivity of an executing broker.[10] Cboe Silexx will also provide technical support, maintenance and user training for the platform upon the same terms and conditions for all users.

The following table sets for the pricing for the various versions of the Silexx platform:

Platform Version	Platform Description	Fee Per Month Per Login ID
Silexx Basic	Order-entry and management system that provides basic functionality including real-time data, alerts, trade reports, views of exchange books, management of the customer's orders and positions, simple and complex order tickets, and basic risk features.	$200
Silexx Pro	Same functionality as basic platform plus additional features including an algorithmic order ticket, position analysis, charting, earnings and dividend information, delta hedging tools, volatility skews, and additional risk features.	$400
Silexx Sell-Side	Same functionality as Pro platform plus availability of clearing fields in order tickets.	$475
Silexx Pro Plus Risk	Same functionality as Pro platform plus access to unlimited customer accounts and customizable risk views.	$600

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[10]   Rule 6.23A provides that only Trading Permit Holders and associated persons with authorized access may directly enter orders into Cboe Options' trading system.

Silexx Buy-Side Plus Risk	Same functionality as Pro platform plus functionality package generally used by buy-side investors and customizable risk views.	$300[11]

Additional Functionality for Platforms	Functionality Description	Fee
API	Integrates the platform into users' other applications through the Silexx application programming interface ("API")	$200/month/ login ID
Crossing	Availability of crossing order ticket	$300/month/login ID
Port	Provides access to an executing broker with connectivity to the Silexx platform for routing	$100/month/login ID
Staged Orders, Drop Copies, and Order Routing Functionality for FIX Connections (sessions)	Ability to receive staged orders, receive "drop copies" of order fill messages, and route orders to executing brokers	$250/month/FIX Connection
Staged Orders, Drop Copies, and Order Routing Functionality for FIX Connections (sessions) Using Third-Party FIX Router	Ability to receive staged orders, receive "drop copies" of order fill messages, and route orders to executing brokers through a third-party FIX router	$500/month/ FIX Connection
Equity Order Reports (paid by the	Daily transmission of equity order reports	$250/month/trading firm

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[11]   Proprietary buy-side firms with 25 or more login IDs receive a 15% discount on platform-related fees, excluding firms with dedicated instances of the platform, which discount incentives more buy-side investors to use Silexx.

trading firm)

Domestic Index Data Package	Connection to certain domestic index market data feeds	$25/user/month
Market Data Feeds (excluding feeds included in Domestic Index Data Package)	Connections to other market data feeds	Actual costs (determined on a time (per hour) and materials basis) passed through to user[12]

The monthly platform fees for the Silexx platform will allow for Cboe Silexx's recoupment of the costs of maintaining, supporting and enhancing the platform, as well as for income from the value-added services being provided through use of the various versions of the platform. The Exchange believes the fee structure represents an equitable allocation of reasonable fees because the same monthly log-in ID fees apply to all users of each version of the Silexx platform. The Exchange believes these fees are reasonable and appropriate as they are competitive with similar products available throughout the market and are based on Silexx's costs and fee structure currently in place for the platform. Users can choose to route orders, including to Cboe Options, without the use of the platform. Use of the platform is discretionary and not compulsory.

The additional functionality will permit users to add features in accordance with their use of the Silexx platform. The API functionality integrates the platform into users' other applications through the Silexx API. The crossing functionality provides users who choose to regularly cross orders with access to a crossing order ticket. The port fee applies to connections from users to executing brokers, which provides users with access

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[12] The same reasonable hourly and materials rates will apply to all users based on then-current rates in line with industry standards, which costs (and any reasonable, standard mark-up) will be passed through to users.

to an executing broker with connectivity to the Silexx platform for routing. Financial Information eXchange ("FIX") is an industry-standard, non-proprietary API that permits market participants to connect to exchanges. FIX connectivity provides users with the ability to receive "drop copy" order fill messages from their executing brokers. These fill messages allows customers to update positions, risk calculations, and streamline back-office functions. Additionally, FIX connections can be updated to permit the platform to receive orders sent from another system and then route these orders through the platform for execution (staged orders) as well as provide users with the ability to route orders in various ways to executing brokers (such as designation of a market to which the broker is to route an order received from the platform and use of a broker's "smart router" functionality). Some users have connections to third-party FIX routers, who currently normalize the format of messages of their client. To the extent a FIX router has a connection to the Silexx platform, users that also have connections to these routers may elect to receive staged orders, drop copies, and order routing functionality through a fix router. Connectivity of Silexx into the technology of third-party FIX routers causes the monthly fee for this functionality to be higher than the fee for users who receive this feature directly. Additionally, the Silexx platform permits users to elect to receive daily transmission of equity order reports related to order users submit through the platform. The proposed monthly fee will allow for the recoupment of costs of developing, maintaining, and supporting this reporting functionality.

The Exchange is offering each type of additional functionality as a convenience. The fees for this additional functionality allow for Cboe Silexx's recoupment of the costs of maintaining, supporting and enhancing the functionality, as well as for income from

the value-added services being provided through use of the functionality in connection with the platform. The Exchange believes the fee structure represents an equitable allocation of reasonable fees because the same fees apply to all users of each type of additional functionality. The Exchange believes these fees are reasonable and appropriate as they are competitive with similar products available throughout the market and are based on Silexx's costs and fee structure currently in place for these features. Use of each additional functionality is discretionary and not compulsory. Except as otherwise set forth above, fees related to the Silexx platform will be paid by the user that licenses the platform directly from Cboe Silexx. The proposed fees would become effective on the closing date of the acquisition.[13]

The Exchange proposes the following additional fees related to dedicated instances of the Silexx platform. These fees are all paid by the client firm with the dedicated instance.

Dedicated Instance Functionality	Functionality Description	Fee
Dedicated Instance	Deployment of Silexx infrastructure components at a client hosted site	$20,000/month
Market Center Support	Access to and support for domestic and international market centers and asset	$1,000/market center/month

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[13] The Exchange generally invoices firms for fees in arrears on a monthly basis and intends to do so following the closing of the acquisition with respect to all fees related to the Silexx platform, as proposed in this filing. The Exchange understands certain Silexx customers pay fees upfront at the beginning of the month. Therefore, to avoid any double-charging of customers, Cboe Silexx will not invoice any user for the proposed fees for the month in which the closing date falls to the extent the user paid fees for such month to Silexx at the beginning of such calendar month.

classes

Dedicated Feed Handler	Market data feed handler for third-party market data vendors	$2,000/handler/month
Bloomberg Backoffice Integration	Integrates Bloomberg backoffice files into master security database within Silexx	$1,000/month
Pro Plus API	Dedicated instances of API functionality	$250/user/month
CME STP	Connection to CME's straight through processing facility	$1,500/month
FIX International Connection (Session)	FIX connection for multiple asset classes and multiple market centers	$1,500/month
Additional Site	Deployment of dedicated instance at a secondary site	$6,500/month

A dedicated instance is local installation of the Silexx platform within a client's system and hosted infrastructure, essentially permitting a more customized experience for firms and their customers. A dedicated instance permits the firm to determine which market centers it wants its instance to access (and receive support for that access), handle data from widely used third-party market-data vendors (e.g. Bloomberg), integrate commonly used Bloomberg back office files into a master security database, provide API functionality for users, connect to the Chicago Mercantile Exchange's straight-through processing facility, provide FIX connectivity for multiple asset classes and multiple market centers around the world, and add the platform functionality to a second hosted site. Additionally, the dedicated instance permits firms to elect to receive various market data feeds from throughout the industry. The dedicated instance fees for the Silexx platform will allow for Cboe Silexx's recoupment of the costs of installing, maintaining,

supporting and enhancing dedicated instances of the platform, as well as for income from the value-added services being provided through use of a dedicated instance and each type of added functionality. The Exchange believes the fee structure represents an equitable allocation of reasonable fees because the same fees apply to all client firms with dedicated instances. The Exchange believes these fees are reasonable and appropriate as they are competitive with similar products available throughout the market and are based on Silexx's costs and fee structure currently in place for the platform. Use of a dedicated instance is discretionary and not compulsory.

The Exchange notes that Cboe Silexx may provide additional technology products and services and may in the future engage in other business activities, which may include the provision of other technology products and services to broker-dealers and non-broker-dealers in addition to the Silexx platform.[14] In this regard:

- There will be procedures and internal controls in place that are reasonably designed so that Cboe Silexx will not unfairly take advantage of confidential information it receives as a result of its relationship with Cboe Options in connection with the platform or any other business activities.

- The books, records, premises, officers, directors, agents and employees of Cboe Silexx, with respect to the products that may be deemed facilities of Cboe Options, will be deemed to be those of Cboe Options for purposes of and subject to oversight pursuant to the Act.

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[14] Cboe Silexx is not and, at least initially, will not be registered as a broker-dealer under Section 15(a) of the Act. In this regard, the Exchange notes the following: (a) Cboe Options and Cboe Silexx will be responsible for the marketing of the platform. Cboe Silexx will be the party to any agreements with customers for the platform. (b) Cboe Options and Cboe Silexx will be responsible for providing, supporting and maintaining the technology for the platform. Cboe Options will be responsible for ensuring that Cboe Silexx's provision of the platform, to the extent it is deemed a facility of Cboe Options, meets Cboe Options' self-regulatory organization obligations. (c) Unless it registers as a broker-dealer under Section 15(a) of the Act, Cboe Silexx will not hold itself out as a broker-dealer, provide advice related to securities transactions, match orders, make decisions about routing orders, facilitate the clearance and settlement of executed trades, prepare or send transaction confirmations, screen counterparties for creditworthiness, hold funds or securities, open, maintain, administer or close brokerage accounts, or provide assistance in resolving problems, discrepancies or disputes related to brokerage accounts. Should Cboe Silexx seek to register as a broker-dealer in the future, the Exchange represents that the broker-dealer would not perform any operations without first discussing with the Commission staff whether any of the broker-dealer's operations should be subject to an Exchange rule filing required under the Act.

(b)   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.[15]   Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[16] 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)[17] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. Additionally, the Exchange also believes the proposed rule change is consistent with Section 6(b)(4) of the Act,[18] 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.

In particular, the Exchange believes that offering the platform and all other functionality to market participants protects investors and is in the public interest, because it will allow the Exchange to directly offer users an order entry and management

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[15]   15 U.S.C. 78f(b).

[16]   15 U.S.C. 78f(b)(5).

[17]   Id.

[18]   15 U.S.C. 78f(b)(4).

system in addition to the technology products it currently offers (such as the PULSe workstation). The Silexx platform is currently offered and used in the marketplace and competes with similar products offered by other technology providers as well as other exchanges.[19] Additionally, firms can create their own proprietary front-end order entry software and routing technology.

The Exchange believes the proposed rule change does not discriminate among market participants because use of the platform and all other functionality is completely voluntary. Users can choose to route orders, including to Cboe Options, without the use of the platform. The Exchange is making the platform and all other functionality available as a convenience to market participants, who will continue to have the option to use any order entry and management system available in the marketplace to send orders to the Exchange and other exchanges; the platform is merely an alternative that will be offered by the Exchange rather than its current owner. The Silexx platform is not an exclusive means available to market participants to send orders to Cboe Options or other markets. Any orders sent through the platform to Cboe Options for execution will receive no preferential treatment. Additionally, the platform will be available to all market participants, and the Exchange will license the platform to market participants pursuant to the same terms and conditions.

The Exchange believes the platform and additional functionality removes impediments to and perfects the mechanism of a free and open market and a national market system because users have discretion to determine to which broker-dealer they

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[19]   For example, International Securities Exchange, LLC ("ISE") offers a front-end order entry workstation called PrecISE to its customers, which the Exchange believes has similar functionality as the system.

will route orders from the platform, and, for certain versions of the platform, what type of routing parameters will be available to them (whether it is the ability to designate a destination market or use smart router functionality). Non-broker-dealer users may separately enter into an agreement with a broker-dealer (the Exchange will have no involvement with the entry into such agreements), which can provide for routing to U.S. options and stock exchanges (and trading centers). Only Trading Permit Holders will continue to be permitted to directly route orders received from the platform to Cboe Options, and only members of other U.S. exchanges will be able to enter orders for execution at those exchanges that they receive from the platform. The Exchange also notes that broker-dealers must continue to ensure that orders they receive from the platform will be subject to applicable pre-trade risk control requirements of the broker-dealer that directly submits the orders to an exchange in accordance with Rule 15c3-5 under the Act.[20]

The monthly log-in ID fees, API fee, crossing fee, and port fee for the Silexx platform will allow for Cboe Silexx's recoupment of the costs of developing, maintaining, supporting and enhancing the platform, the API and crossing functionality, and connections from users to executing brokers, as well as for income from the value-added services being provided through use of the various versions of the platform and these additional services. The Exchange believes the fee structure represents an equitable allocation of reasonable fees because the same monthly log-in ID fees apply to all users of each version of the Silexx platform, and because varying fees for different versions of the platform reflect the additional functionality available in the versions. The Exchange

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[20]   See 17 CFR 240.15c3-5.

believes these fees are reasonable and appropriate as they are competitive with similar products available throughout the market and are substantially similar to Silexx's costs and fee structure currently in place for the platform. Use of the platform, and other functionality, is discretionary and not compulsory.

The monthly fees related to FIX connectivity services will allow for the recoupment of costs of maintaining and supporting this functionality as well as for income from the value-added services being provided from use of this functionality. The Exchange believes the fee is reasonable because the Exchange incurs costs to monitor, develop, and implement upgrades, maintain, and customize the platform to ensure availability of this functionality to customers. The Exchange believes the fee is equitable and non-discriminatory because the monthly fee is assessed to any user electing to use this functionality. Connectivity of Silexx into the technology of third-party FIX routers causes the monthly fee for this functionality to be higher than the fee for users who receive this feature directly. Use of the FIX connectivity services by a user is voluntary.

The proposed monthly fee related to equity order reports will allow for the recoupment of costs of developing, maintaining, and supporting this reporting functionality. The Exchange believes the monthly fee for transmission of equity order reports is reasonable because the Exchange incurs costs to monitor, develop, and implement upgrades, maintain, and customize the platform to allow sending and receiving of equity order reports. The Exchange believes the fee is equitable and not unfairly discriminatory as it is assessed to all executing brokers electing to receive equity order reports. Receipt of the reports is completely voluntary.

A dedicated instance is local installation of the Silexx pro platform within a client's system and hosted website benefits investors, as it permits a more customized experience for firms and their customers. The Exchange believes the fees are reasonable because the Exchange incurs costs to customize dedicated instances of the platform. The dedicated instance fees for the Silexx platform will allow for Cboe Silexx's recoupment of the costs of installing, maintaining, supporting and enhancing dedicated instances of the platform, as well as for income from the value-added services being provided through use of a dedicated instance and each type of added functionality. The Exchange believes the fee structure represents an equitable allocation of reasonable fees because the same fees apply to all client firms with dedicated instances. The Exchange believes these fees are reasonable and appropriate as they are competitive with similar products available throughout the market and are based on Silexx's costs and fee structure currently in place for the platform. Use of a dedicated instance is discretionary and not compulsory.

Item 4. **Self-Regulatory Organization's Statement on Burden on Competition**

Cboe Options 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 will make each version of the platform and additional functionality available to market participants on the same terms and conditions, and use of the platform will be completely voluntary. Users have discretion to determine which version of the platform to use, if any, and to which executing broker-dealer to route orders through the platform. Market participants will continue to have the flexibility to use any order entry and management technology they choose. The Exchange will merely be directly offering the platform as an alternative to a product that the Exchange currently makes available in the market (PULSe). If market participants believe that other products

available in the marketplace are more beneficial than the Silexx platform, they will simply use those products instead. Orders sent to the Exchange through the platform for execution will receive no preferential treatment. The Cboe Options trade engine does not distinguish between orders sent from Silexx and orders sent in any other manner. Use of the platform provides users with no additional access to the Exchange than is available through the use of any other front-end order entry system. The Exchange notes that the platform and additional functionality are already available and used in the marketplace today. This acquisition merely changes the party that will own and license them to users going forward.

The proposed fees related to additional functionality will not impose any burden on competition, because the fees relate to optional functionality and are assessed equally on users or firms electing to use the functionality. Use of such functionality is completely voluntary. Access to Silexx functionality, and the proposed Silexx fees, are unrelated to trading activity on the Exchange.

The proposed fees related to dedicated instances of the platform will not impose any burden on competition, because the fees relate to optional functionality and are assessed equally on firms electing to obtain a dedicated instance. Use of a dedicated instance is completely voluntary.

Cboe Options believes that the proposed rule change will relieve any burden on, or otherwise promote, competition. Cboe Options will be offering a type of product that is widely available throughout the industry, including from some exchanges. Market participants can also develop their own proprietary products with the same functionality. ISE currently offers a similar front-end order entry application. Cboe Options believes

that the platform will be an addition to its current suite of technology products it offers to

market participants to enter and manage orders for routing to U.S. exchanges. Any

market participant will be able to use the platform. Cboe Silexx's ownership of Silexx

will not provide a competitive advantage over competing products as a result of its

affiliation with Cboe.

The Exchange notes that when Congress charged the Commission with

supervising the development of a "national market system" for securities, a premise of its

action was that prices, products and services ordinarily would be determined by market

forces.[21] Consistent with this purpose, Congress and the Commission have repeatedly

stated their preference for competition, rather than regulatory intervention, to determine

prices, products and services in the securities markets.[22] Many exchanges and other

market participants make technology products, including products similar to the Silexx

platform, available to the industry. Other market participants that offer these products

can adjust pricing or add functionality to attract users to their products to compete with

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[21]   See, e.g., H.R. Rep. No. 94-229, at 92 (1975) (Conf. Rep.) (stating Congress's
         intent that the "national market system evolve through the interplay of
         competitive forces as unnecessary regulatory restrictions are removed").

[22]   See S. Rep. No. 94-75, 94th Cong., 1st Sess. 8 (1975) ("The objective [in enacting
         the 1975 amendments to the Exchange Act] would be to enhance competition and
         to allow economic forces, interacting within a fair regulatory field, to arrive at
         appropriate variations in practices and services."); Order Approving Proposed
         Rule Change Relating to NYSE Arca Data, Securities Exchange Act Release No.
         59039 (December 2, 2008), 73 FR 74770 (Dec. 9, 2008) at 74781 ("The
         Exchange Act and its legislative history strongly support the Commission's
         reliance on competition, whenever possible, in meeting its regulatory
         responsibilities for overseeing the SROs and the national market system. Indeed,
         competition among multiple markets and market participants trading the same
         products is the hallmark of the national market system.") (SR-NYSEArca-2006-
         21); Regulation NMS, 70 FR at 37499 (observing that NMS regulation "has been
         remarkably successful in promoting market competition in [the] forms that are
         most important to investors and listed companies").

the Exchange-offered products based on all competitive forces in the marketplace, as the

Exchange expects these other market participants currently do. The Exchange believes

that other market participants that offer these products will continue to remain

competitive in the market for order-entry, management and routing products, as they

currently are in this market in which at least two exchanges (including Cboe Options)

offer similar technology products. For example, Cboe Options currently offers PULSe,

and ISE currently offers PrecISE. The Exchange believes that many investors will

continue to elect to use competing products available from non-exchange technology

providers.

Item 5.   **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.

Item 6.   **Extension of Time Period for Commission Action**

Not applicable.

Item 7.   **Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)**

(a)   The proposed rule change is filed for immediate effectiveness pursuant to

Section 19(b)(3)(A) of the Act[23] and Rule 19b-4(f)(6)[24] thereunder.

(b)   The Exchange designates that the proposed rule change effects a change

that (i) does not significantly affect the protection of investors or the public interest;

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[23]   15 U.S.C. 78s(b)(3)(A).

[24]   17 CFR 240.19b-4(f)(6).

(ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. Additionally, the Exchange has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

The Exchange believes that it is not novel for an exchange to offer products such as the Silexx platform to market participants. The platform and additional functionality are similar to technology that Cboe Options already makes available (such as the PULSe workstation), as well as technology that another options exchange makes available to its members (the PrecISE workstation offered by ISE). The platform is already available in the market; this acquisition merely changes the party that will own and license the platform going forward.

Use of the platform, and additional functionality, is completely voluntary. Users can choose to route orders, including to Cboe Options, without the use of the platform. The Exchange is making the platform available as a convenience to market participants, who will continue to have the option to use any order entry and management system available in the marketplace to send orders to the Exchange and other exchanges; the platform is merely an alternative that will be offered by the Exchange rather than its current owner. The Silexx platform is not an exclusive means available to market participants to send orders to Cboe Options or other markets.

The Exchange notes that acquisition of the platform will not require any changes to its surveillance or communications rules. Additionally, there is no change to, or impact on, the Exchange's market structure as a result of acquiring the platform. Orders entered into the platform that are ultimately routed to Cboe Options for execution will receive no preferential treatment as compared to orders electronically sent to Cboe Options in any other manner. Orders entered into the platform that get routed to Cboe Options will be subject to current trading rules in the same manner as all other orders sent to the Exchange, which is the same as any orders that are sent through the platform to the Exchange today.

For the foregoing reasons, this rule filing qualifies as a "non-controversial" rule change under Rule 19b-4(f)(6), which renders the proposed rule change effective upon filing with the Commission. At any time within 60 days of the filing of this 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. The Exchange respectfully requests that the Commission waive the 30-day operative delay period after which a proposed rule change under Rule 19b-4(f)(6) becomes effective. The Exchange requests the proposed rule change become operative upon closing of the acquisition. Providing for the proposed rule change to become operative upon the closing of the acquisition of Silexx will ensure a seamless transition of ownership of the platform and continuous provision of the platform to users.

(c)   Not applicable.

(d)   Not applicable.

Item 8.   **Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission**

The proposed rule change is not based on a rule either of another self-regulatory

organization or of the Commission.

Item 9.   **Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act**

Not applicable.

Item 10.   **Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act**

Not applicable.

Item 11.   **Exhibits**

Exhibit 1.   Completed Notice of Proposed Rule Change for publication in the Federal Register.

Exhibit 5.   Proposed rule text.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-   ; File No. SR-CBOE-2017-068]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Describe Functionality of and Adopt Fees for a New Front-End Order Entry and Management Platform

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on [insert date], Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") 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 Exchange filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act[3] and Rule 19b-4(f)(6) thereunder.[4] 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 describe the functionality of and adopt fees for the use of the Silexx trading platform ("Silexx" or the "platform") in connection with the purchase of assets from Silexx Financial Systems, LLC (SFS).

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[1]   15 U.S.C. 78s(b)(1).

[2]   17 CFR 240.19b-4.

[3]   15 U.S.C. 78s(b)(3)(A)(iii).

[4]   17 CFR 240.19b-4(f)(6).

The text of the proposed rule change is also 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.

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 purpose of this filing is to describe the functionality and adopt fees for the use of Silexx, a new front-end order entry and management platform. On the date of this filing, Cboe Silexx, LLC (a wholly owned subsidiary of Cboe Options' parent company, Cboe Global Markets, Inc.) ("Cboe Silexx") entered into a definitive asset purchase agreement with SFS pursuant to which Cboe Silexx agreed to purchase Silexx, a front-end, broker-neutral, multi-asset class order entry and management trading platform.

Silexx is an order entry and management trading platform for listed stocks and options that support both simple and complex orders.[5] The platform is a software application that is installed locally on a user's desktop. The platform provides users with

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5   The platform also permits users to submit orders for commodity futures, commodity options and other non-security products to be sent to designated contract markets, futures commission merchants, introducing brokers or other applicable destinations of the users' choice.

the capability to send option orders to U.S. options exchanges and stock orders to U.S. stock exchanges (and other trading centers[6]), and allows users to input parameters to control the size, timing and other variables of their trades.[7] Silexx includes access to real-time options and stock market data, as well as access to certain historical data. The platform provides users with the ability to maintain an electronic audit trail and provide detailed trade reporting.[8] Use of Silexx is completely optional.

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[6] A "trading center," as provided under Rule 600(b)(78) of Regulation NMS, 17 CFR 242.600(b)(78), means a national securities exchange or national securities association that operates a self-regulatory organization trading facility, an alternative trading system, an exchange market-maker, an over-the-counter market-maker, or any other broker or dealer that executes orders internally by trading as principal or crossing orders as agent.

[7] The platform also provides position and risk management capabilities. The risk management functionality allows users to, among other things, set pre-trade customizable risk controls. Users of these risk controls set the parameters for the controls (to the extent an executing broker sublicenses the platform to its customers (see below), the executing broker may set risk controls on behalf of its customers). Users have the option to instead use other third-party risk control software or technology. The Exchange notes that executing broker-dealers (including Trading Permit Holders) must ensure that any orders that come from the platform to their systems will be subject to all applicable pre-trade risk control requirements in accordance with Rule 15c3-5 of the Securities Exchange Act of 1934 (the "Act"). See 17 CFR 240.15c3-5. Please note that, in the adopting release for Rule 15c3-5 under the Act, the Securities and Exchange Commission (the "Commission") indicated that a broker-dealer relying on risk management technology developed by third parties should perform appropriate due diligence to help assure the controls are reasonably designed, effective, and otherwise consistent with Rule 15c3-5. Mere reliance on representations of the third-party technology developer, even if an exchange or other regulated entity, is insufficient to meet this due diligence standard.

[8] The functionality of the platform that formats users' stock and option orders entered into it for users, which then submit those orders to broker-dealers or to exchanges (if the user is a broker-dealer) for execution, is the basis for this rule filing. Certain versions of the platform (as further described below) include other functionality, including additional risk controls and certain data analysis tools for real-time and historical data, including market scanners, watchlists and alerts and other advanced analytical tools, including time and sales analytics, charting capabilities, alerts, position analytics, and "Greek" calculations. These data analysis tools are not subject to this rule filing.

Silexx is designed so that a user may enter orders into the platform to send to the executing broker (including Trading Permit Holders) of its choice with connectivity to the platform, which broker can then send orders to Cboe Options (if the broker-dealer is a Trading Permit Holder) or other U.S. exchanges (and trading centers) in accordance with the users' instructions.[9] If a user sends an order through the platform to an executing broker, the broker will route that order to a market for execution on behalf of the entering user.[10] The executing broker to which a user chooses to route an order is entirely within a user's discretion.[11] Users cannot directly route orders through the platform to an exchange or trading center. For users' convenience, Cboe Silexx will make available on Cboe Options' website the list of executing brokers that provide connectivity to the platform. The Exchange notes that executing broker's decision to connect to Silexx is within that firm's sole discretion.[12]

Certain executing brokers may permit Silexx users to designate a market to which the broker is to route an order received from the platform. Other executing brokers may employ "smart router" functionality, which generally determines where to route an order

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[9]   Currently, Silexx is not connected directly to Cboe Options, and thus orders may not be sent directly from the platform to Cboe Options. The Exchange may determine going forward to develop such a direct connection, which would only be available to platform users that are Trading Permit Holders, and would submit any necessary rule changes related to such platform changes.

[10]   A user may also be an executing broker if the user has connectivity to, and is a member of, Cboe Options or other options and/or stock exchanges (or trading centers).

[11]   Currently, there are over 20 executing brokers with connections to Silexx to which users may route orders.

[12]   To the extent a firm sublicenses Silexx to its customers (see below), the firm will determine which executing broker to use for platforms used by the firm and its customers (if the firm is not itself an executing broker). Users enter into separate agreements with execution brokers (to which Cboe Options or Cboe Silexx would not be a party).

based on the brokers' pre-set algorithmic logic. Executing brokers may also provide users with the ability to either designate a destination market (an order-by-order basis or by default) or use the smart router functionality. Which executing broker a user chooses to use (and thus which type of routing permissions are available to a user) is entirely within a user's discretion (as discussed below, addition of such features to the platform are subject to a fee).

The Exchange represents Silexx is merely a new front-end order entry and management system that interfaces to the systems of various broker-dealers that elect to connect to the platform. The platform is not integrated into and currently has no connectivity to Cboe Options' trading system (or the trading systems of any other U.S. exchange or trading center). Cboe Options currently offers a similar front-end order entry system, the PULSe workstation, which permits users to enter orders for submission to Cboe Options and other markets. Thus, orders submitted through the platform will ultimately come to Cboe Options or other exchanges for execution through third-party routing technology. There will be no change to, or impact on, the Exchange's market structure as a result of offering the platform. As a result, the Exchange represents the platform does not require any changes to the Exchange's surveillance or communications rules.

Use of Silexx is completely voluntary. Cboe Silexx will make the platform available to users (and in certain cases, their customers, as further described below) as a convenience for entering and managing orders, but the platform is not an exclusive means for any user to send orders to Cboe Options or intermarket. Orders entered into the platform that are ultimately routed to Cboe Options for execution will receive no

preferential treatment as compared to orders electronically sent to Cboe Options in any other manner. Orders entered into the platform that get routed to Cboe Options will be subject to current trading rules in the same manner as all other orders sent to the Exchange, which is the same as orders that are sent through the system to the Exchange today. The Cboe Options trade engine does not distinguish between orders sent from Silexx and orders sent in any other manner.

Cboe Silexx will begin making the system available to users upon the closing of the acquisition of Silexx.[13] Cboe Silexx will grant users licenses to use Silexx. The Exchange notes that a firm or individual does not need to be a Trading Permit Holder to license the platform, because, as discussed above, a non-Trading Permit Holder may route an order through the platform to an executing broker that is a Trading Permit Holder, which broker can then route the order to Cboe Options (or any other U.S. exchange of which it is a member). Additionally, the platform is not currently directly connected to Cboe Options (or any other U.S. exchange), and orders submitted into the platform for execution must be routed through the connectivity of an executing broker.[14] Cboe Silexx will also provide technical support, maintenance and user training for the platform upon the same terms and conditions for all users.

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[13]   Cboe Silexx intends to close the acquisition on the signing date (and date of this rule filing). The proposed rule change will be operative on the closing date (subject to Commission approval of the requested operative delay waiver).

[14]   Rule 6.23A provides that only Trading Permit Holders and associated persons with authorized access may directly enter orders into Cboe Options' trading system.

The following table sets for the pricing for the various versions of the Silexx platform:

Platform Version	Platform Description	Fee Per Month Per Login ID
Silexx Basic	Order-entry and management system that provides basic functionality including real-time data, alerts, trade reports, views of exchange books, management of the customer's orders and positions, simple and complex order tickets, and basic risk features.	$200
Silexx Pro	Same functionality as basic platform plus additional features including an algorithmic order ticket, position analysis, charting, earnings and dividend information, delta hedging tools, volatility skews, and additional risk features.	$400
Silexx Sell-Side	Same functionality as Pro platform plus availability of clearing fields in order tickets.	$475
Silexx Pro Plus Risk	Same functionality as Pro platform plus access to unlimited customer accounts and customizable risk views.	$600
Silexx Buy-Side Plus Risk	Same functionality as Pro platform plus functionality package generally used by buy-side investors and customizable risk views.	$300[15]
Additional Functionality for Platforms	Functionality Description	Fee

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[15]   Proprietary buy-side firms with 25 or more login IDs receive a 15% discount on platform-related fees, excluding firms with dedicated instances of the platform, which discount incentives more buy-side investors to use Silexx.

API	Integrates the platform into users' other applications through the Silexx application programming interface ("API")	$200/month/login ID
Crossing	Availability of crossing order ticket	$300/month/login ID
Port	Provides access to an executing broker with connectivity to the Silexx platform for routing	$100/month/login ID
Staged Orders, Drop Copies, and Order Routing Functionality for FIX Connections (sessions)	Ability to receive staged orders, receive "drop copies" of order fill messages, and route orders to executing brokers	$250/month/FIX Connection
Staged Orders, Drop Copies, and Order Routing Functionality for FIX Connections (sessions) Using Third-Party FIX Router	Ability to receive staged orders, receive "drop copies" of order fill messages, and route orders to executing brokers through a third-party FIX router	$500/month/ FIX Connection
Equity Order Reports (paid by the trading firm)	Daily transmission of equity order reports	$250/month/trading firm
Domestic Index Data Package	Connection to certain domestic index market data feeds	$25/user/month
Market Data Feeds (excluding feeds included in Domestic Index Data Package)	Connections to other market data feeds	Actual costs (determined on a time (per hour) and materials basis) passed through to user[16]

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[16]   The same reasonable hourly and materials rates will apply to all users based on then-current rates in line with industry standards, which costs (and any

The monthly platform fees for the Silexx platform will allow for Cboe Silexx's recoupment of the costs of maintaining, supporting and enhancing the platform, as well as for income from the value-added services being provided through use of the various versions of the platform. The Exchange believes the fee structure represents an equitable allocation of reasonable fees because the same monthly log-in ID fees apply to all users of each version of the Silexx platform. The Exchange believes these fees are reasonable and appropriate as they are competitive with similar products available throughout the market and are based on Silexx's costs and fee structure currently in place for the platform. Users can choose to route orders, including to Cboe Options, without the use of the platform. Use of the platform is discretionary and not compulsory.

The additional functionality will permit users to add features in accordance with their use of the Silexx platform. The API functionality integrates the platform into users' other applications through the Silexx API. The crossing functionality provides users who choose to regularly cross orders with access to a crossing order ticket. The port fee applies to connections from users to executing brokers, which provides users with access to an executing broker with connectivity to the Silexx platform for routing. Financial Information eXchange ("FIX") is an industry-standard, non-proprietary API that permits market participants to connect to exchanges. FIX connectivity provides users with the ability to receive "drop copy" order fill messages from their executing brokers. These fill messages allows customers to update positions, risk calculations, and streamline back-office functions. Additionally, FIX connections can be updated to permit the platform to receive orders sent from another system and then route these orders through the platform

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reasonable, standard mark-up) will be passed through to users.

for execution (staged orders) as well as provide users with the ability to route orders in various ways to executing brokers (such as designation of a market to which the broker is to route an order received from the platform and use of a broker's "smart router" functionality). Some users have connections to third-party FIX routers, who currently normalize the format of messages of their client. To the extent a FIX router has a connection to the Silexx platform, users that also have connections to these routers may elect to receive staged orders, drop copies, and order routing functionality through a fix router. Connectivity of Silexx into the technology of third-party FIX routers causes the monthly fee for this functionality to be higher than the fee for users who receive this feature directly. Additionally, the Silexx platform permits users to elect to receive daily transmission of equity order reports related to order users submit through the platform. The proposed monthly fee will allow for the recoupment of costs of developing, maintaining, and supporting this reporting functionality.

The Exchange is offering each type of additional functionality as a convenience. The fees for this additional functionality allow for Cboe Silexx's recoupment of the costs of maintaining, supporting and enhancing the functionality, as well as for income from the value-added services being provided through use of the functionality in connection with the platform. The Exchange believes the fee structure represents an equitable allocation of reasonable fees because the same fees apply to all users of each type of additional functionality. The Exchange believes these fees are reasonable and appropriate as they are competitive with similar products available throughout the market and are based on Silexx's costs and fee structure currently in place for these features. Use of each additional functionality is discretionary and not compulsory. Except as

otherwise set forth above, fees related to the Silexx platform will be paid by the user that licenses the platform directly from Cboe Silexx. The proposed fees would become effective on the closing date of the acquisition.[17]

The Exchange proposes the following additional fees related to dedicated instances of the Silexx platform. These fees are all paid by the client firm with the dedicated instance.

Dedicated Instance Functionality	Functionality Description	Fee
Dedicated Instance	Deployment of Silexx infrastructure components at a client hosted site	$20,000/month
Market Center Support	Access to and support for domestic and international market centers and asset classes	$1,000/market center/month
Dedicated Feed Handler	Market data feed handler for third-party market data vendors	$2,000/handler/month
Bloomberg Backoffice Integration	Integrates Bloomberg backoffice files into master security database within Silexx	$1,000/month
Pro Plus API	Dedicated instances of API functionality	$250/user/month
CME STP	Connection to CME's straight through processing facility	$1,500/month

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[17]   The Exchange generally invoices firms for fees in arrears on a monthly basis and intends to do so following the closing of the acquisition with respect to all fees related to the Silexx platform, as proposed in this filing. The Exchange understands certain Silexx customers pay fees upfront at the beginning of the month. Therefore, to avoid any double-charging of customers, Cboe Silexx will not invoice any user for the proposed fees for the month in which the closing date falls to the extent the user paid fees for such month to Silexx at the beginning of such calendar month.

FIX International Connection (Session)	FIX connection for multiple asset classes and multiple market centers	$1,500/month
Additional Site	Deployment of dedicated instance at a secondary site	$6,500/month

A dedicated instance is local installation of the Silexx platform within a client's system and hosted infrastructure, essentially permitting a more customized experience for firms and their customers. A dedicated instance permits the firm to determine which market centers it wants its instance to access (and receive support for that access), handle data from widely used third-party market-data vendors (e.g. Bloomberg), integrate commonly used Bloomberg back office files into a master security database, provide API functionality for users, connect to the Chicago Mercantile Exchange's straight-through processing facility, provide FIX connectivity for multiple asset classes and multiple market centers around the world, and add the platform functionality to a second hosted site. Additionally, the dedicated instance permits firms to elect to receive various market data feeds from throughout the industry. The dedicated instance fees for the Silexx platform will allow for Cboe Silexx's recoupment of the costs of installing, maintaining, supporting and enhancing dedicated instances of the platform, as well as for income from the value-added services being provided through use of a dedicated instance and each type of added functionality. The Exchange believes the fee structure represents an equitable allocation of reasonable fees because the same fees apply to all client firms with dedicated instances. The Exchange believes these fees are reasonable and appropriate as they are competitive with similar products available throughout the market and are based on Silexx's costs and fee structure currently in place for the platform. Use of a dedicated instance is discretionary and not compulsory.

The Exchange notes that Cboe Silexx may provide additional technology products and services and may in the future engage in other business activities, which may include the provision of other technology products and services to broker-dealers and non-broker-dealers in addition to the Silexx platform.[18] In this regard:

- There will be procedures and internal controls in place that are reasonably designed so that Cboe Silexx will not unfairly take advantage of confidential information it receives as a result of its relationship with Cboe Options in connection with the platform or any other business activities.

The books, records, premises, officers, directors, agents and employees of Cboe Silexx, with respect to the products that may be deemed facilities of Cboe Options, will be deemed to be those of Cboe Options for purposes of and subject to oversight pursuant to the Act.

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[18] Cboe Silexx is not and, at least initially, will not be registered as a broker-dealer under Section 15(a) of the Act. In this regard, the Exchange notes the following: (a) Cboe Options and Cboe Silexx will be responsible for the marketing of the platform. Cboe Silexx will be the party to any agreements with customers for the platform. (b) Cboe Options and Cboe Silexx will be responsible for providing, supporting and maintaining the technology for the platform. Cboe Options will be responsible for ensuring that Cboe Silexx's provision of the platform, to the extent it is deemed a facility of Cboe Options, meets Cboe Options' self-regulatory organization obligations. (c) Unless it registers as a broker-dealer under Section 15(a) of the Act, Cboe Silexx will not hold itself out as a broker-dealer, provide advice related to securities transactions, match orders, make decisions about routing orders, facilitate the clearance and settlement of executed trades, prepare or send transaction confirmations, screen counterparties for creditworthiness, hold funds or securities, open, maintain, administer or close brokerage accounts, or provide assistance in resolving problems, discrepancies or disputes related to brokerage accounts. Should Cboe Silexx seek to register as a broker-dealer in the future, the Exchange represents that the broker-dealer would not perform any operations without first discussing with the Commission staff whether any of the broker-dealer's operations should be subject to an Exchange rule filing required under the Act.

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.[19] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[20] 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)[21] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. Additionally, the Exchange also believes the proposed rule change is consistent with Section 6(b)(4) of the Act,[22] 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.

In particular, the Exchange believes that offering the platform and all other functionality to market participants protects investors and is in the public interest, because it will allow the Exchange to directly offer users an order entry and management

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[19]   15 U.S.C. 78f(b).

[20]   15 U.S.C. 78f(b)(5).

[21]   Id.

[22]   15 U.S.C. 78f(b)(4).

system in addition to the technology products it currently offers (such as the PULSe workstation). The Silexx platform is currently offered and used in the marketplace and competes with similar products offered by other technology providers as well as other exchanges.[23] Additionally, firms can create their own proprietary front-end order entry software and routing technology.

The Exchange believes the proposed rule change does not discriminate among market participants because use of the platform and all other functionality is completely voluntary. Users can choose to route orders, including to Cboe Options, without the use of the platform. The Exchange is making the platform and all other functionality available as a convenience to market participants, who will continue to have the option to use any order entry and management system available in the marketplace to send orders to the Exchange and other exchanges; the platform is merely an alternative that will be offered by the Exchange rather than its current owner. The Silexx platform is not an exclusive means available to market participants to send orders to Cboe Options or other markets. Any orders sent through the platform to Cboe Options for execution will receive no preferential treatment. Additionally, the platform will be available to all market participants, and the Exchange will license the platform to market participants pursuant to the same terms and conditions.

The Exchange believes the platform and additional functionality removes impediments to and perfects the mechanism of a free and open market and a national market system because users have discretion to determine to which broker-dealer they

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[23]   For example, International Securities Exchange, LLC ("ISE") offers a front-end order entry workstation called PrecISE to its customers, which the Exchange believes has similar functionality as the system.

will route orders from the platform, and, for certain versions of the platform, what type of routing parameters will be available to them (whether it is the ability to designate a destination market or use smart router functionality). Non-broker-dealer users may separately enter into an agreement with a broker-dealer (the Exchange will have no involvement with the entry into such agreements), which can provide for routing to U.S. options and stock exchanges (and trading centers). Only Trading Permit Holders will continue to be permitted to directly route orders received from the platform to Cboe Options, and only members of other U.S. exchanges will be able to enter orders for execution at those exchanges that they receive from the platform. The Exchange also notes that broker-dealers must continue to ensure that orders they receive from the platform will be subject to applicable pre-trade risk control requirements of the broker-dealer that directly submits the orders to an exchange in accordance with Rule 15c3-5 under the Act.[24]

The monthly log-in ID fees, API fee, crossing fee, and port fee for the Silexx platform will allow for Cboe Silexx's recoupment of the costs of developing, maintaining, supporting and enhancing the platform, the API and crossing functionality, and connections from users to executing brokers, as well as for income from the value-added services being provided through use of the various versions of the platform and these additional services. The Exchange believes the fee structure represents an equitable allocation of reasonable fees because the same monthly log-in ID fees apply to all users of each version of the Silexx platform, and because varying fees for different versions of the platform reflect the additional functionality available in the versions. The Exchange

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[24]   See 17 CFR 240.15c3-5.

believes these fees are reasonable and appropriate as they are competitive with similar products available throughout the market and are substantially similar to Silexx's costs and fee structure currently in place for the platform. Use of the platform, and other functionality, is discretionary and not compulsory.

The monthly fees related to FIX connectivity services will allow for the recoupment of costs of maintaining and supporting this functionality as well as for income from the value-added services being provided from use of this functionality. The Exchange believes the fee is reasonable because the Exchange incurs costs to monitor, develop, and implement upgrades, maintain, and customize the platform to ensure availability of this functionality to customers. The Exchange believes the fee is equitable and non-discriminatory because the monthly fee is assessed to any user electing to use this functionality. Connectivity of Silexx into the technology of third-party FIX routers causes the monthly fee for this functionality to be higher than the fee for users who receive this feature directly. Use of the FIX connectivity services by a user is voluntary.

The proposed monthly fee related to equity order reports will allow for the recoupment of costs of developing, maintaining, and supporting this reporting functionality. The Exchange believes the monthly fee for transmission of equity order reports is reasonable because the Exchange incurs costs to monitor, develop, and implement upgrades, maintain, and customize the platform to allow sending and receiving of equity order reports. The Exchange believes the fee is equitable and not unfairly discriminatory as it is assessed to all executing brokers electing to receive equity order reports. Receipt of the reports is completely voluntary.

A dedicated instance is local installation of the Silexx pro platform within a client's system and hosted website benefits investors, as it permits a more customized experience for firms and their customers. The Exchange believes the fees are reasonable because the Exchange incurs costs to customize dedicated instances of the platform. The dedicated instance fees for the Silexx platform will allow for Cboe Silexx's recoupment of the costs of installing, maintaining, supporting and enhancing dedicated instances of the platform, as well as for income from the value-added services being provided through use of a dedicated instance and each type of added functionality. The Exchange believes the fee structure represents an equitable allocation of reasonable fees because the same fees apply to all client firms with dedicated instances. The Exchange believes these fees are reasonable and appropriate as they are competitive with similar products available throughout the market and are based on Silexx's costs and fee structure currently in place for the platform. Use of a dedicated instance is discretionary and not compulsory.

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

Cboe Options 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 will make each version of the platform and additional functionality available to market participants on the same terms and conditions, and use of the platform will be completely voluntary. Users have discretion to determine which version of the platform to use, if any, and to which executing broker-dealer to route orders through the platform. Market participants will continue to have the flexibility to use any order entry and management technology they choose. The Exchange will merely be directly offering the platform as an alternative to a product that the Exchange currently makes available in the market (PULSe). If market participants believe that other products

available in the marketplace are more beneficial than the Silexx platform, they will simply use those products instead. Orders sent to the Exchange through the platform for execution will receive no preferential treatment. The Cboe Options trade engine does not distinguish between orders sent from Silexx and orders sent in any other manner. Use of the platform provides users with no additional access to the Exchange than is available through the use of any other front-end order entry system. The Exchange notes that the platform and additional functionality are already available and used in the marketplace today. This acquisition merely changes the party that will own and license them to users going forward.

The proposed fees related to additional functionality will not impose any burden on competition, because the fees relate to optional functionality and are assessed equally on users or firms electing to use the functionality. Use of such functionality is completely voluntary. Access to Silexx functionality, and the proposed Silexx fees, are unrelated to trading activity on the Exchange.

The proposed fees related to dedicated instances of the platform will not impose any burden on competition, because the fees relate to optional functionality and are assessed equally on firms electing to obtain a dedicated instance. Use of a dedicated instance is completely voluntary.

Cboe Options believes that the proposed rule change will relieve any burden on, or otherwise promote, competition. Cboe Options will be offering a type of product that is widely available throughout the industry, including from some exchanges. Market participants can also develop their own proprietary products with the same functionality. ISE currently offers a similar front-end order entry application. Cboe Options believes

that the platform will be an addition to its current suite of technology products it offers to market participants to enter and manage orders for routing to U.S. exchanges. Any market participant will be able to use the platform. Cboe Silexx's ownership of Silexx will not provide a competitive advantage over competing products as a result of its affiliation with Cboe.

The Exchange notes that when Congress charged the Commission with supervising the development of a "national market system" for securities, a premise of its action was that prices, products and services ordinarily would be determined by market forces.[25] Consistent with this purpose, Congress and the Commission have repeatedly stated their preference for competition, rather than regulatory intervention, to determine prices, products and services in the securities markets.[26] Many exchanges and other market participants make technology products, including products similar to the Silexx platform, available to the industry. Other market participants that offer these products can adjust pricing or add functionality to attract users to their products to compete with

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[25]   See, e.g., H.R. Rep. No. 94-229, at 92 (1975) (Conf. Rep.) (stating Congress's intent that the "national market system evolve through the interplay of competitive forces as unnecessary regulatory restrictions are removed").

[26]   See S. Rep. No. 94-75, 94th Cong., 1st Sess. 8 (1975) ("The objective [in enacting the 1975 amendments to the Exchange Act] would be to enhance competition and to allow economic forces, interacting within a fair regulatory field, to arrive at appropriate variations in practices and services."); Order Approving Proposed Rule Change Relating to NYSE Arca Data, Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770 (Dec. 9, 2008) at 74781 ("The Exchange Act and its legislative history strongly support the Commission's reliance on competition, whenever possible, in meeting its regulatory responsibilities for overseeing the SROs and the national market system. Indeed, competition among multiple markets and market participants trading the same products is the hallmark of the national market system.") (SR-NYSEArca-2006-21); Regulation NMS, 70 FR at 37499 (observing that NMS regulation "has been remarkably successful in promoting market competition in [the] forms that are most important to investors and listed companies").

the Exchange-offered products based on all competitive forces in the marketplace, as the Exchange expects these other market participants currently do. The Exchange believes that other market participants that offer these products will continue to remain competitive in the market for order-entry, management and routing products, as they currently are in this market in which at least two exchanges (including Cboe Options) offer similar technology products. For example, Cboe Options currently offers PULSe, and ISE currently offers PrecISE. The Exchange believes that many investors will continue to elect to use competing products available from non-exchange technology providers.

> C.   <u>Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others</u>

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

III.   <u>Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action</u>

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[27] and Rule 19b-4(f)(6)[28] 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

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[27]   15 U.S.C. 78s(b)(3)(A).

[28]   17 CFR 240.19b-4(f)(6).

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.   <u>Solicitation of Comments</u>

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:

<u>Electronic comments</u>:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or

- Send an e-mail to rule-comments@sec.gov. <u>Please include File Number SR-CBOE-2017-068 on the subject line.</u>

<u>Paper comments</u>:

- 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-2017-068. 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-2017-068 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.[29]

Secretary

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[29]   17 CFR 200.30-3(a)(12).

EXHIBIT 5

(Additions are underlined; deletions are [bracketed])

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Cboe Exchange, Inc.

Silexx Fees Schedule

(as of November 1, 2017)

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Silexx Platform Version	Fee Per Month Per Login ID	Notes
Basic	$200	This fee is payable by the user that licenses the platform.
Pro	$400	
Sell-Side	$475	Proprietary buy-side firms (e.g. mutual funds, pension funds, and insurance funds) with 25 or more login IDs receive a 15% discount on platform fees (including platform monthly fee and fees for additional functionality for platforms, excluding firms with dedicated instances of the platform).
Pro Plus Risk	$600	
Buy-Side Manager	$300	
Additional Functionality for Platforms	**Fee**	**Notes**
API	$200/month/login ID	This fee is payable by the user that licenses the platform.
Crossing	$300/month/login ID	This fee is payable by the user that licenses the platform.
Port	$100/month/login ID	This fee is payable by the user that licenses the platform.
Staged Orders, Drop Copies, and Order Routing Functionality for FIX Connections (Sessions)	$250/month/FIX Connection	This fee is payable by the user that licenses the platform.
Staged Orders, Drop Copies, and Order Routing Functionality for FIX Connections (Sessions) Using Third-Party FIX Router	$500/month/FIX Connection	This fee is payable by the user that licenses the platform.
Equity Order Reports	$250/month/trading firm	This fee is payable by the trading firm for reports related to its own and its customers' executions.
Domextic Index Data Package	$25/user/month	
Market Data Feeds (excluding feeds included in Domestic Index Data Package)	Actual costs passed through to user	Costs will be determined on a time (per hour) and materials basis.

Dedicated Instance Fees	Fee	Notes
Dedicated Instance	$20,000/month	These fees are payable by the client firm that obtains the dedicated instance of the Silexx platform.
Market Center Support	$1,000/market center/month	
Dedicated Feed Handler	$2,000/handler/month	
Bloomberg Backoffice Integration	$1,000/month	
Pro Plus API User	$250/user/month	
CME STP	$1,500/month	
FIX International Connection (Session)	$1,500/month	
Additional Site	$6,500/month	

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