

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-62148; File No. SR-CBOE-2010-045)

May 21, 2010

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Establishment of a Post-Demutualization Trading Permit Application Fee

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 14, 2010, the Chicago Board Options Exchange, Incorporated (“CBOE” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by CBOE. 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

CBOE proposes to amend the CBOE and CBOE Stock Exchange (“CBSX”) Fees Schedules to establish a Post-Demutualization Trading Permit Application Fee. The text of the proposed rule change is available on the Exchange’s Web site (<http://www.cboe.org/Legal/>), at the Exchange’s Office of the Secretary, at the Commission’s Public Reference Room, and on the Commission’s Web site at www.sec.gov.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, CBOE 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

below. CBOE 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 proposed rule change is to amend the CBOE and CBSX Fees Schedules to establish a Post-Demutualization Trading Permit Application Fee. Following CBOE's proposed demutualization,³ access to CBOE and CBSX will be provided through the issuance of Trading Permits. Issuance of these Trading Permits will require an application process for all current members with trading privileges and related functions on the Exchange (including member organizations, individual members, temporary members, interim trading permit holders and CBSX trading permit holders). To apply for trading permits, all such CBOE members will be required to submit a Post-Demutualization Trading Permit Application to request the type of access desired following demutualization. The Post-Demutualization Trading Permit Application will need to be submitted prior to the effectiveness of the demutualization for trading access to CBOE and CBSX to continue without interruption at demutualization. The Exchange will administer the application process in the manner that has already been proposed to the Commission, contingent upon the approval of that process by the Commission.⁴

Due to the significant amount of time required to process all of the Post-Demutualization Trading Permit Applications, CBOE proposes to establish a \$1,000 Post-Demutualization Trading

³ See Securities Exchange Act Release No. 58425 (August 26, 2008), 73 FR 51652 (September 4, 2008) (noticing for comment SR-CBOE-2008-88), which sets forth a description of CBOE's proposed demutualization.

⁴ See Securities Exchange Act Release No. 58425 (August 26, 2008), 73 FR 51652 (September 4, 2008) (noticing for comment SR-CBOE-2008-88), which sets forth a description of the post-demutualization trading permit application process.

Permit Application Fee that would be assessed to any member organization or individual member that is not associated with a member organization that submits a Post-Demutualization Trading Permit Application after May 21, 2010. Specifically, the fee would only be assessed for Post-Demutualization Trading Permit Applications received after the close of business on May 21, 2010 and prior to the close of business on the effective date of demutualization.⁵

The Post-Demutualization Trading Permit Application Fee would not be assessed for Post-Demutualization Trading Permit Applications received on or prior to May 21, 2010. The Post-Demutualization Trading Permit Application Fee would also not be assessed to new CBOE members that are not approved and active until after May 21, 2010. In addition, the Post-Demutualization Trading Permit Application Fee would not be assessed for any amendments submitted after May 21, 2010 to Post-Demutualization Trading Permit Applications where the initial application was submitted prior to the close of business on May 21, 2010.

The existing CBOE Membership application fees are set forth in Section 11 of the CBOE Fees Schedule as well as in a regulatory circular ("Membership Fees Circular"). The Exchange proposes to add the Post-Demutualization Trading Permit Application Fee to Section 11 of the CBOE Fees Schedule and to revise the Membership Fees Circular. The proposed changes to the CBOE Fees Schedule are included as part of Exhibit 5 to the 19b-4. The proposed changes to the Membership Fees Circular are included as Exhibit 2 to the 19b-4.

CBOE proposes to add a new Section 8 to the CBSX Fees Schedule for Membership Fees that includes the Post-Demutualization Trading Permit Application Fee. The proposed changes to the CBSX Fees Schedule are included as part of Exhibit 5 to the 19b-4.

⁵ The effective date of demutualization is the date that CBOE completes its restructuring of the Exchange from a non-stock corporation to a stock corporation and wholly-owned subsidiary of CBOE Holdings, Inc. This should be distinguished from the date of approval by the SEC of SR-CBOE-2008-088, as the filing may be approved some period of time prior to the actual effectiveness of the demutualization.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 ("Act")⁶, in general, and furthers the objectives of Section 6(b)(4)⁷ of the Act in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities. In particular, the proposed fee would be assessed to all members in a consistent manner and encourage the submission of Post-Demutualization Trading Permit Applications with sufficient time to allow for the efficient processing of these applications. CBOE believes this fee is reasonable as compared to other application fees assessed by the Exchange and is reflective of the amount of work necessary to process the applications.

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

CBOE does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

No written comments were solicited or received with respect to the proposed rule change.

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

Because the foregoing rule change establishes or changes a due, fee, or other charge imposed by the Exchange, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁸ and subparagraph (f)(2) of Rule 19b-4⁹ thereunder. At any time within 60 days of the filing of

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(4).

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(2).

the proposed rule change, the Commission may summarily abrogate 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.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CBOE-2010-045 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington DC 20549-1090.

All submissions should refer to File Number SR-CBOE-2010-045. 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 Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F

Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such 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 No. SR-CBOE-2010-045 and should be submitted on or before [insert date 21 days from date of publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁰

Florence E. Harmon
Deputy Secretary

¹⁰ 17 CFR 200.30-3(a)(12).