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Via Electronic Mail

Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-0609

Re: File No SR-CBOE-2011-041

Dear Ms. Murphy:

The Chicago Board Options Exchange, Incorporated (“CBOE”) is writing to respond to the comment letter submitted by the International Securities Exchange, LLC (“ISE”) regarding CBOE’s proposed rule change to introduce a new qualified contingent cross order type (referred to as “QCC Orders”), SR-CBOE-2011-041.

As provided in the proposed rule change, a CBOE Trading Permit Holder (“TPH”) will be permitted to cross the options leg(s) of a qualified contingent trade on CBOE immediately without exposure if the order is for at least 1000 contracts, is part of a qualified contingent trade, is executed at a price at least equal to the NBBO, and there are no public customer orders resting in the Exchange’s electronic book at the same price. Also as provided in the proposed rule change, CBOE will permit QCC Orders to be submitted electronically either from on or off the floor through the CBOE Hybrid Trading System. It should be noted that, even when QCC Orders are submitted for execution from on the floor, they are only submitted electronically. There will be no “open outcry” representation or execution of QCC Orders. To do so would be unnecessary because, as the proposed rule change states, these orders will be executed immediately without exposure.

In its comment letter, ISE states that it is unclear what the time of execution would be for a floor-based order. In response, CBOE notes that the execution time does not vary whether an order is submitted from on the floor or off the floor. The execution occurs when the QCC Orders are submitted to the CBOE Hybrid Trading System.

ISE’s letter also contains some discussion about the supposed unequal competitive environment of hybrid markets like CBOE and all electronic markets like ISE. We believe our objections and viewpoints on this topic, and the QCC Order type in general, are amply reflected

in numerous comment letters and submissions. We do not believe it is necessary to rehash those arguments again here, so we instead just cite back to our prior correspondence on this matter.¹

If you have any further questions, please feel free to contact Joanne Moffic-Silver, General Counsel, at (312) 786-7462 or me at (312) 786-7576.

Sincerely,



Jennifer M. Lamie

cc. Robert Cook, Director, SEC Division of Trading and Markets
James Brigaglino, Deputy Director, SEC Division of Trading and Markets
Heather Seidel, Associate Director, SEC Division of Trading and Markets

¹ See, e.g., Securities Exchange Act Release No. 64354 (April 27, 2011)(SR-CBOE-2011-041) at footnote 3.