



May 28, 2013

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

Re: SR-CBOE-2013-045

Dear Ms. Murphy:

Group One Trading, L.P., ("Group One") appreciates the opportunity to comment on the above referenced proposed rule amendment filing ("filing") by the Chicago Board Options Exchange, Incorporated ("CBOE") in which the CBOE proposes to amend its current rule 4.3 to require Trading Permit Holders ("TPHs") to create and maintain a Business Continuity Plan ("BCP").

Group One opposes the proposed rule amendment. Contrary to the CBOE's statement in its filing, the proposed amendment will burden competition and change activity on its Exchange.

Group One is a CBOE registered broker-dealer founded in 1989. Group One has since grown into one of the largest, privately held options trading firms in the United States. It employs over ninety (90) people in New York, Chicago, Philadelphia and San Francisco. Group One makes markets as a TPH at the CBOE and makes markets on, or is a member of, five major U.S. options exchanges.

The requirements of the proposed amendment to rule 4.3 would burden competition and impact the economics of each individual market participant. For example, to comply with the requirements of the proposed amendment, Group One would be forced to spend several million dollars a year, at a minimum, to acquire additional software, hardware, personnel, and real estate, which still would not guarantee that its systems will never fail. Additional costs of this magnitude would impose a significant financial burden to a firm like Group One, as it would to other TPHs. In addition, such a financial burden creates a barrier to entry for new market makers and, consequently, stifles competition.

Moreover, it appears the CBOE did not conduct any cost-benefit analysis of the proposed amendment. Had it done so, Group One is confident that the CBOE would have concluded that the substantial costs which will be incurred to comply with the proposed rule amendment would outweigh any perceived benefit.

The reality is that it is impossible to predict how systems are going to fail, especially during an "emergency" or "significant business disruption." There are other numerous examples of unforeseen systems failures, like CBOE's own recent outages or the Facebook debacle by

NASDAQ. All market participants, including exchanges, will continue to have unpredictable and unavoidable outages moving forward. As CBOE's CEO stated after their April 25, 2013, malfunction, "Unfortunately, the nature of a software bug is sometimes only identifiable once the system is operationally ready." It is unreasonable to require TPHs to bear a significant economic burden to prevent or react to the unavoidable. Rather, the CBOE should rely on the individual economics of every TPH to resolve the TPH's own business disruptions as quickly and efficiently as possible.

Group One also takes issue with the CBOE's contention that "other exchanges have similar rules requiring procedures for these situations...." While other equity options exchanges have rules relating to emergency situations, those rules cannot fairly or accurately be described as "similar" to the CBOE's proposed rule amendment. Those rules relate generally to the systems of the exchanges, more than to those of the participants. Moreover, while FINRA has rules requiring BCPs for its members, not every equity options market-maker is a FINRA member. Nor are they required to be. This amendment, therefore, represents a departure from the rules at other exchanges.

Furthermore, the ramifications of the proposed rule, if approved, would not serve the investing public well. If a TPH such as Group One is forced to incur several million dollars' worth of additional costs per year to comply with the CBOE's proposed rule amendment, it will increase costs in the market, negatively impact a TPH's ability to provide liquidity, and decrease spending on technology and the implementation of measures to make trading more efficient and economical.

In addition, there are substantial differences between customer facing TPHs and non-customer facing TPHs. We certainly understand the importance of protecting any transactions directly involving public customers. Group One's situation though, and that of similarly situated market makers, is distinct from that of a customer facing TPH. At no time does Group One interact directly with public customers. The proposed rule amendment, however, seeks to impose on Group One and similarly situated firms the same requirements that would apply to customer facing TPHs.

Finally, the amendment as proposed essentially makes Group One and the other market makers guarantors that the financial markets will function during unforeseen and unpredictable circumstances. CBOE has not conducted an analysis of the benefits of the proposed amendment in any particular situation, let alone during disasters such as Hurricane Sandy, for example. Moreover, regardless of the certainty and the extent of the BCP, or the firm's ability to quote, the CBOE has no requirement that a market maker always and continuously quote. There will be circumstances during which market makers simply do not quote.

In summation, Group One believes that the proposed amendment to CBOE Rule 4.3, if approved, will have a significant, negative impact on the ability of Group One and other TPHs to make competitive markets on the CBOE. For the reasons discussed above, Group One requests that the Commission reject SR-CBOE-2013-045 as it fails to provide sufficient justification under the Act for establishing the new BCP rule.

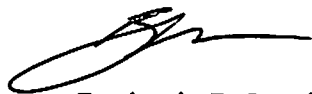
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Group One Trading L.P., is committed to constructive engagement in the regulatory process and, therefore, welcomes the opportunity to work with the Commission on this and other important regulatory efforts. Should you have any questions, please contact the undersigned directly at (312) 294-2320.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Benjamin R. Londergan', with a stylized flourish at the end.

Benjamin R. Londergan
Chief Executive Officer
Group One Trading L.P.