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June 16, 2014

**Sent via Email and Certified Mail**

Joanne Moffic-Silver, Executive Vice President, General Counsel and Corporate Secretary  
Chicago Board Options Exchange  
400 South LaSalle Street  
Chicago, IL 60605

**Re: CBSX April 2014 Invoice to WallachBeth Capital LLC**

Dear Ms. Moffic-Silver:

We write on behalf of our client WallachBeth Capital LLC which was one of the largest customers using the sweep and cross function on the CBSX for the past six years. In the final month of CBSX's operation it charged exorbitant fees without notice to WallachBeth, we therefore demand a return of those fees in the amount of \$125,092.81.

The CBOE had announced publicly in February that it intended to close CBSX, but on March 26, 2014 the CBOE filed a proposal to amend the CBSX fee schedule (File No. SR-2014-028). The rate change was effective as of April 1, 2014. Also on April 1, 2014 the CBOE filed a proposal to amend Rule 51.2 to permit it to cease trading on CBSX. During the month of April 2014 WallachBeth continued to do its usual sweep and cross business on the CBSX not knowing that it was being billed for both the sweep and cross, a fee they had objected to in the past. Worse, the CBOE was blatantly attempting to deceive its customers in a last month increase of fees prior to closing the CBSX on April 30, 2014.

The stated purpose of the amended fee schedule was to "assist in funding CBSX's operational, regulatory and administrative costs" (Item 4). However, the proposal did not mention that the amended fee schedule would be in effect for just one month as it was silent on the cessation of the

CBSX business. The CBSX fee of \$125,092.81 is nearly a 1000% increase over the past invoices WallachBeth had received and which had been paid automatically by its clearing firm Merrill Lynch. WallachBeth had no opportunity to object to the unnoticed rate change until it received its statement from Merrill Lynch on May 30, 2014 which was (1) **after** the CBSX has ceased operations (April 30, 2014); (2) **after** the comment period for the proposal has passed (April 30, 2014); and (3) **after** the deadline for the SEC to suspend the rule change (May 26, 2014) (see File No. SR-2014-028, Item 7).

We would be happy to provide you with more detail and a timeline as to the events surrounding the April 2014 invoice and the relationship between the parties. We determined that notifying the SEC of the CBOE's actions as to the WallachBeth Capital LLC was necessary based on the facts set forth above.

We look forward to hearing from you in a timely manner.

Very truly yours,

**FAUST OPPENHEIM LLP**

By: 

Steven D. Oppenheim

Cc: Mr. Kevin M. O'Neill (via email to: [REDACTED])  
Deputy Secretary, Division of Trading and Markets  
United States Securities and Exchange Commission  
100 F Street, N.E. Washington, DC 20549-1090