

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-64592; File No. SR-CBOE-2011-051)

June 3, 2011

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend CBOE Stock Exchange Transaction Fees to Change the Maker/Taker Fee to a Flat 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 26, 2011, the Chicago Board Options Exchange, Incorporated (“Exchange” or “CBOE”) 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 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 amend CBOE Stock Exchange (“CBSX”) transaction fees.

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, and at the Commission.

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 self-regulatory organization 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 those statements may be examined at the places

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

Currently, CBSX offers a somewhat complex set of transaction fees. CBSX follows a Maker-Taker model which involves rewarding those who provide liquidity by giving them rebates while charging a fee to those who remove liquidity. The Fees Schedule is further complicated by the existence of separate tiers of Taker rebates and Maker fees, depending on the specific security. Transactions in securities priced \$1 or greater in one select group of stocks are subject to Maker fees of \$0.0018 per share and Taker rebates of \$0.0014 per share. Transactions in securities priced \$1 or greater in a second select group of stocks are subject to Maker fees of \$0.0009 per share and Taker rebates of \$0.0006 per share. Transactions in securities priced \$1 or greater for all other securities are subject to a \$0.0001 per share fee. These different tiers were designed to attract trades in some specific classes based on the liquidity profiles of transactions in those classes. By charging differing Maker fees and offering Taker rebates in some classes, the Exchange intended to encourage trading in such classes pursuant to the different liquidity profiles.

CBSX now desires to simplify the transaction fee structure. As such, CBSX proposes to eliminate Maker fees and Taker rebates, and also the different tiers for select groups of stocks. Instead, the Exchange intends to implement a flat model for transaction fees that will apply to all securities. The Exchange proposes to charge a \$0.0002 per share fee for both Makers and Takers for transactions in securities priced \$1 or greater, and a fee of 0.02% of the dollar value of the

transaction for transactions in securities priced less than \$1. This simplified fee structure will allow investors to much more easily determine and measure the costs of trading on CBSX. The Exchange hopes to attract liquidity and believes that investors will be enticed by a fee structure that is simple and intuitive.

This filing is to become effective on June 1, 2011.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,³ in general, and furthers the objectives of Section 6(b)(4)⁴ of the Act in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among CBOE Trading Permit Holders and other persons using Exchange facilities. Simplifying transaction fees is consistent with Section 6(b)(5)⁵ of the Act in that it removes a currently-unnecessary impediment to a free and open market and protects investors by making it easier for them determine and track the costs of trading on CBSX.

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 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.

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(4).

⁵ 15 U.S.C. 78f(b)(5).

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

The proposed rule change is designated by the Exchange as establishing or changing a due, fee, or other charge, thereby qualifying for effectiveness on filing pursuant to Section 19(b)(3)(A) of the Act⁶ and subparagraph (f)(2) of Rule 19b-4⁷ 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 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-2011-051 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-2011-051. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 17 C.F.R. 240.19b-4(f)(2).

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, 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 Number SR-CBOE-2011-051 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.⁸

Cathy H. Ahn
Deputy Secretary

⁸ 17 CFR 200.30-3(a)(12).