

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-66665; File No. SR-CBOE-2012-029)

March 27, 2012

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the CBOE Stock Exchange Fees Schedule

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 26, 2012, the Chicago Board Options Exchange, Incorporated (the “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 the CBOE Stock Exchange (“CBSX”) Fees Schedule.

The text of the proposed rule change is available on the Exchange’s website

(<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange’s Office of the Secretary, and at the Commission’s Public Reference Room.

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 Exchange 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 below. The Exchange has prepared summaries, set forth in sections A, B, and C below,

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

CBSX proposes to amend its Maker fees for transactions in securities priced \$1 or greater to further institute a tiered fee structure through which Makers who transact more business on CBSX will pay lower transaction fees. Currently, the Maker fee for transactions in securities priced \$1 or greater executed by a market participant that adds two million or more shares of liquidity that day is \$0.0016 per share,³ and the Maker fee for transactions in securities priced \$1 or greater executed by a market participant that does not add two million or more shares of liquidity that day is \$0.0018 per share. CBSX proposes to amend this tiered system regarding Maker fees for transactions in securities priced \$1 or greater in the following manner:

Maker (adds 15 million shares or more of liquidity in one day)	\$0.0013 per share
Maker (adds 10,000,000 – 14,999,999 shares of liquidity in one day)	\$0.0014 per share
Maker (adds 5,000,000 – 9,999,999 shares of liquidity in one day)	\$0.0015 per share
Maker (adds 2,500,000 – 4,999,999 shares of liquidity in one day)	\$0.0016 per share
Maker (adds 2,499,999 shares or less of liquidity in one day)	\$0.0018 per share

As with the current \$0.0016 per share Maker fee for transactions in securities priced \$1 or greater executed by a market participant that adds two million or more shares of liquidity that

³ This rate applies to all transactions in securities priced \$1 or greater made by the same market participant in any day in which such participant adds two million shares or more of liquidity. Market participants who share a trading acronym or MPID may aggregate their trading activity for purposes of this rate. Qualification for this rate will require that a market participant appropriately indicate his trading acronym and/or MPID in the appropriate field on the order.

day, these rates apply to all transactions in securities priced \$1 or greater made by the same market participant in any day in which such participant adds the established amount of shares or more of liquidity that is determined in the chart above for each tier. Market participants who share a trading acronym or MPID may aggregate their trading activity for purposes of these rates. Qualification for these rates will require that a market participant appropriately indicate his trading acronym and/or MPID in the appropriate field on the order. CBSX will promulgate an information circular to direct market participants on how to accurately qualify and aggregate their trading activity in order to receive this reduced rate.

The structure of decreasing Maker fees for transactions in securities priced at \$1 or greater for adding increasing amounts of liquidity is designed to encourage increased trading activity and liquidity on CBSX. The Exchange desires to incentivize market participants who may be able to meet higher thresholds to add more volume and liquidity to the CBSX marketplace. This increased volume and liquidity would benefit all CBSX market participants, including those who do not trade at the higher levels, by providing them with more opportunities for execution. The thresholds are applied on a daily basis in order to encourage market participants to add volume and liquidity on a consistent basis. The Exchange seeks market participants who will be active on CBSX on a regular basis, as the liquidity that such larger-volume participants provide will be attractive to all investors and benefit all market participants. The thresholds in the different tier levels were set based on an analysis of current trading activity and an aspirational intention to encourage trading at those higher levels (the higher tiers of which are not currently being reached by any specific market participant).

The proposed change is intended to take effect on April 1, 2012.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,⁴ in general, and furthers the objectives of Section 6(b)(4)⁵ 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. The proposed Maker fee amounts are reasonable because they are lower than current CBSX fees for such transactions. The proposed Maker fees and tiers are equitable and not unfairly discriminatory because they will apply to all market participants, and all market participants will have the opportunity to qualify for the reduced rate tiers.

Further, the reduced fee tiers are equitable and not unfairly discriminatory because they will encourage market participants to trade on CBSX and bring greater liquidity to CBSX, which will benefit all market participants. By encouraging market participants to hit certain threshold of executing at least increasing amounts of shares a day (at which point such market participants would receive the corresponding lower Maker fees for all shares executed by the market participant that day), the Exchange incentivizes market participants who may be able to meet that threshold to add more volume and liquidity to the CBSX marketplace. This increased volume and liquidity would benefit all CBSX market participants, including those who do not trade at the higher levels, by providing them with more opportunities for execution. Orders that provide liquidity increase the likelihood that members seeking to access liquidity will have their orders filled. If the lower rates did not exist for market participants who execute increased amounts of shares a day, even those market participants who do not hit those thresholds would not receive the benefit of this added volume and liquidity. Applying the thresholds on a daily basis will encourage these larger-volume

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(4).

market participants to add volume and liquidity on a consistent basis, and the resulting consistently-available executions will benefit all market participants. As such, the Exchange believes that it is reasonable and equitable to use pricing incentives, such as lower fees for creating large amounts of liquidity, to encourage market participants to increase their participation in the market.

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

The Exchange neither solicited nor received comments on the proposed rule change.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)⁶ of the Act and paragraph (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:

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 17 CFR 240.19b-4(f)(2).

- 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-2012-029 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-2012-029. 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 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 will also 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-2012-029 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.⁸

Kevin M. O'Neill
Deputy Secretary

⁸ 17 CFR 200.30-3(a)(12).