

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-62432; File No. SR-CBOE-2010-066)

July 1, 2010

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated: Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Reduce the Payments that CBOE Makes to CBOE Trading Permit Holders that Participate in a Program under which CBOE Subsidizes the Costs of Providing and/or Using Certain Order Routing Functionalities

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 June 30, 2010, Chicago Board Options Exchange, Incorporated (“CBOE” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by CBOE. 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

CBOE proposes to reduce the payments that CBOE makes to CBOE Trading Permit Holders that participate in a program under which CBOE subsidizes the costs of providing and/or using certain order routing functionalities. This rule change does not provide for any modifications to the text of CBOE’s rules. The text of the proposed rule change is available on the Exchange’s website (<http://www.cboe.org/legal>), 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, CBOE included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

rule change. The text of these statements may be examined at the places specified in Item IV below. CBOE has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

CBOE proposes to reduce the payments that CBOE makes to CBOE Trading Permit Holders that participate in a program under which CBOE subsidizes the costs of providing and/or using certain order routing functionalities.³ If a Trading Permit Holder has elected not to have CBOE perform certain marketing services on its behalf, the payment would be reduced, with respect to orders routed to CBOE through a participating Trading Permit Holder's system, from \$0.05 per contract to \$0.04 per contract.⁴ If a member has elected to have CBOE perform marketing services on its behalf, the payment with respect to such orders would be reduced from \$0.04 per contract to \$0.03 per contract. The Exchange intends to make the change effective commencing August 1, 2010.

CBOE is not proposing any other changes in the program. CBOE stated in SR-CBOE-2007-34, and affirmed in SR-CBOE-2008-27, that nothing about the subsidy program would relieve any CBOE Trading Permit Holder that is using an order routing functionality whose

³ The order router subsidy program is described in SR-CBOE-2007-34 (see Securities Exchange Act Release No. 55629 (April 13, 2007), 72 FR 19992 (April 20, 2007) (SR-CBOE-2007-34)) as supplemented by SR-CBOE-2008-27 (see Securities Exchange Act Release No. 57498 (March 14, 2008), 73 FR 55 (March 20, 2008) (SR-CBOE-2008-27)).

⁴ The marketing services that CBOE provides to Trading Permit Holders electing to have CBOE provide such services are described on page 5 of SR-CBOE-2007-34.

provider is participating in the program from complying with its best execution obligations.⁵ Those statements remain true with respect to the program as CBOE is proposing to revise it.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (“Act”)⁶, in general, and furthers the objectives of Section 6(b)(4)⁷ 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 its facilities.

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 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.

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) of the Act⁸ and subparagraph (f)(2) of Rule 19b-4⁹ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate 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

⁵ SR-CBOE-2007-34, pp. 5-6; SR-CBOE-2008-27, p 4.

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(4).

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 C.F.R. 240.19b-4(f)(2).

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-2010-066 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-2010-066. 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 Web site (<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 Web site 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-2010-066 and should be submitted on or before [insert date 30 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁰

Elizabeth M. Murphy
Secretary

¹⁰ 17 C.F.R. 200.30-3(a)(12).