

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-64824; File No. SR-CBOE-2011-063)

July 6, 2011

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated: Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to PULSe Fees

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 July 1, 2011, the 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 Exchange has designated this proposal as one establishing or changing a due, fee, or other charge imposed by CBOE under Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2) thereunder.⁴ 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 is proposing to amend its Fees Schedule to extend a fee waiver related to the PULSe workstation and to adopt a limited fee waiver for new users of the PULSe workstation. In addition, the Exchange is proposing to make a non-substantive numbering correction to the Fees Schedule. The text of the proposed rule change is

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

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 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

The purpose of this proposed rule change is to extend a fee waiver related to the PULSe workstation and to adopt a limited fee waiver for new users of the PULSe workstation. In addition, the Exchange is proposing to make a non-substantive numbering correction to the Fees Schedule.

By way of background, the PULSe workstation is a front-end order entry system designed for use with respect to orders that may be sent to the trading systems of CBOE and CBOE Stock Exchange, LLC ("CBSX"). In addition, the PULSe workstation provides a user with the capability to send options orders to other U.S. options exchanges and stock orders to other U.S. stock exchanges through a PULSe Routing Intermediary.⁵

⁵ For a more detailed description of the PULSe workstation and its other functionalities, see, e.g., Securities Exchange Act Release Nos. 62286 (June 11, 2010), 75 FR 34799 (June 18, 2010)(SR-CBOE-2010-051) and 63721 (January 14, 2011), 76 FR 3929 (January 21, 2011)(SR-CBOE-2011-001).

The first purpose of this proposed rule change is to extend the waiver of the PULSe Routing Intermediary fee. Currently the Exchange has waived the Routing Intermediary fee through June 30, 2011. The Exchange is proposing to extend this waiver through September 30, 2011. Thus this fee will be assessed beginning October 1, 2011.

The second purpose of this proposed rule change is to adopt a limited waiver for new users of the PULSe workstation. The Exchange currently charges a fee of \$350 per month for the first 10 users of a Trading Permit Holder (“TPH”) and \$100 per month for all subsequent users. TPHs may also make the workstation available to their customers, which may include non-broker dealer public customers and non-TPH broker dealers (referred to herein as “non-TPHs”). For such non-TPH workstations, the Exchange currently charges a fee of \$350 per month per workstation.⁶ In addition, the Exchange has a PULSe workstation that is configured for use on the CBOE trading floor by CBOE TPHs (the “PULSe On-Floor Workstation”) for which it currently charges a fee of \$225 per month per workstation (referred to in the Fees Schedule as a “login ID”).

In order to give new users time to become familiar with and fully acclimated to the PULSe workstation functionality, the Exchange is proposing to adopt a fee waiver applicable to new PULSe workstation users. Specifically, the Exchange is proposing to waive the monthly workstation fees for the first month for the first new user of a TPH using the PULSe workstation. Similarly the Exchange is proposing to waive the monthly

⁶ In instances where two or more TPHs wish to make a PULSe workstation available to the same non-TPH customer, a fee reduction applies. Under the reduction, if two or more TPHs make the PULSe workstation available to the same non-TPH customer, then the monthly fee is reduced from \$350 to \$250 per workstation per TPH.

workstation fees for the first new user of a non-TPH using the PULSe workstation and the first new user of a TPH using the PULSe On-Floor Workstation. The proposed fee waivers are based on CBOE's billing period, which is based on a calendar month (i.e., begins on the first day of each month and ends on the last day of each month). So, for example, if a new user begins using the PULSe workstation on July 15th, the user's workstation fees would be waived from July 15th – July 31st. This new user fee waiver will be operative July 1, 2011.

Finally, the third purpose of this proposed rule change is to make a non-substantive numbering correction to the Fees Schedule. In particular, the Exchange is proposing to renumber Section 8(F)(10)(c) through (e) to (d) through (f) in order to correct a numbering error (there are currently two paragraphs numbered with (c)).

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,⁷ in general, and furthers the objectives of Section 6(b)(4) of the Act,⁸ in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among Trading Permit Holders in that the same fees and fee waivers are applicable to all Trading Permit Holders that use the PULSe workstation. The Exchange also believes that the fee waivers will serve as an incentive for TPHs and their sponsored user customers to use the PULSe workstation as an additional trading tool on their trading desks.

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(4).

The Exchange also believes the proposed correction to the section numbering of the Fees Schedule is consistent with the Section 6(b)(5)⁹ requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to remove impediments to and to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest. The Exchange believes the proposed correction would protect investors and the public interest by eliminating any potential confusion.

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 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)(ii) of the Act¹⁰ and subparagraph (f)(2) of Rule 19b-4¹¹ thereunder.

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

¹¹ 17 CFR 240.19b-4(f)(2).

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-2011-063 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-2011-063. 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 also will be available for inspection and copying at the principal office of CBOE. 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-2011-063 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.¹²

Cathy H. Ahn
Deputy Secretary

¹² 17 CFR 200.30-3(a)(12).