

SECURITIES AND EXCHANGE COMMISSION
(Release No.34-66067; File No. SR-CBOE-2011-127)

December 29, 2011

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 December 20, 2011, Chicago Board Options Exchange, Incorporated (the “Exchange” or “CBOE”) 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 the self-regulatory organization. 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.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, 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

CBSX proposes to amend its CBOEdirect Connectivity Charges. Currently, the CBSX Fees Schedule applies CBOE's CBOEdirect Connectivity Charges to CBSX users.³ However, CBOE recently filed a proposed rule change to increase its CBOEdirect Connectivity Charges.⁴ Because CBSX does not desire to adopt all of the proposed changes to CBOE's CBOEdirect Connectivity Charges, CBSX hereby proposes to amend its Fees Schedule to adopt its own CBOEdirect Connectivity Charges.

Currently, CBSX assesses a monthly Network Access Port fee of \$250 for regular access and \$500 for Sponsored User access, as those are the amounts of the Network Access Port fees on CBOE. In SR-CBOE-2011-121, CBOE proposes to increase the fees charged for access to a Network Access Port to \$500 per month for regular access and \$1000 per month for Sponsored User access. CBSX desires to keep the Network Access Port fee rates at their current levels and not increase them to the levels proposed by CBOE.

CBOE also proposes to increase their monthly CMI and FIX charges from \$80 to \$500 per month for regular access and \$160 to \$1000 per month for Sponsored User access.⁵ CBSX does not desire to adopt these increases. Instead, CBSX proposes to adopt more moderate increases, from \$80 to \$100 for regular access and \$160 to \$200 for Sponsored User access.

³ See CBSX Fees Schedule, Section 1.

⁴ See SR-CBOE-2011-121.

⁵ See SR-CBOE-2011-121.

Sizable investment [sic] were recently made to upgrade the equipment involved in the CMI Client Application Servers and FIX Ports, and thereby increasing these fees will help recoup such costs and maintain such equipment in the future. Moreover, following these changes, CBSX connectivity costs will still be lower than those assessed for connectivity at other exchanges. Along with the proposed CBOE changes, ISE assesses a FIX fee of \$1200 for a minimum of two monthly login IDs (so, \$600 for one), or a fee of \$2,400 for a higher-volume user.⁶ The NASDAQ Stock Market LLC's Options Market ("NOM") assesses a fee of \$500 per FIX port per month, as well.⁷ Regarding the Sponsored User fees, the Exchange currently charges a different rate for regular access and Sponsored User access, and merely proposes to increase the rates in equal proportion.

The proposed changes are to take effect January 1, 2012.

2. Basis

The proposed rule change is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Section 6(b)(4)⁹ 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 "change" to add the Network Access Port fees into the CBSX Fees Schedule is reasonable because the amounts of the fees are not changing. This proposed "change" is equitable and not unfairly discriminatory

⁶ See ISE Schedule of Fees, page 8. The Commission notes that the ISE fees cited by the Exchange were modified as of December 1, 2011. As of December 23, 2011, ISE assesses a FIX fee of \$1000 for a minimum of two monthly login IDs and does not have a separate fee for a higher-volume user. See Securities Exchange Act Release No. 65916 (December 8, 2011), 76 FR 77881 (December 14, 2011) (SR-ISE-2011-80).

⁷ See NOM Rule 7053.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4).

because the fees, as before, will be assessed to all market participants, and in the same amounts as previously assessed.

The proposed changes to increase the fees assessed for CMI Login IDs and FIX Login IDs are also reasonable because the amounts of such fees are significantly lower than those assessed on other exchanges,¹⁰ and because such increases will assist in recouping expenditures recently made to upgrade the CBOEdirect connectivity equipment. This proposed change is equitable and not unfairly discriminatory because the fees, as before, will be assessed to all market participants. Assessing higher fees for Sponsored Users is equitable and not unfairly discriminatory because Sponsored Users are able to access the Exchange and use the equipment provided without purchasing a trading permit. As such, Trading Permit Holders who have purchased a trading permit will have a higher level of commitment to transacting business on the Exchange and using Exchange facilities than Sponsored Users.

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.

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)

¹⁰ See ISE Schedule of Fees, page 8 and NOM Rule 7053 and also SR-CBOE-2011-121.

of the Act¹¹ and subparagraph (f)(2) of Rule 19b-4¹² 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-2011-127 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-2011-127. 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

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 C.F.R. 240.19b-4(f)(2).

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 the 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-2011-127 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.¹³

Kevin M. O'Neill
Deputy Secretary

¹³ 17 CFR 200.30-3(a)(12).