

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-67481; File No. SR-CBOE-2012-068)

July 20, 2012

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the 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 July 11, 2012, 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 its 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 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, of the most significant aspects of such statements.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

1. Purpose

The Exchange proposes to amend its Customer Large Trade Discount (the “Discount”), which is intended to cap fees on large customer trades. Currently, regular customer transaction fees are charged up to the first 10,000 VIX options contracts in a customer order. The Exchange proposes to amend the Discount to state that for any executing Trading Permit Holder (“TPH”) whose affiliate³ is the issuer of one or more securities, the combined total asset value of which is \$1 billion or greater, that are based on or track the performance of VIX futures, regular customer transaction fees will only be charged up to the first 7,500 VIX options contracts per order in that month (“the Amendment”). On the first business day following the end of a calendar month, the Exchange will multiply the reported net asset value of each security that is based on or tracks the performance of VIX futures (as reported on the final calendar day of the month) by the amount of outstanding shares in that security to determine the total asset value of that security. The Exchange will then amalgamate the total asset values of all the securities that are based on or track the performance of VIX futures issued by the same issuer to determine if such issuer reaches the \$1,000,000 [sic] threshold. The Exchange will then announce via information

³ See CBOE Rule 1.1(j), which defines “affiliate” as “a person who, directly or indirectly, controls, is controlled by, or is under common control with, such other person.” CBOE Rule 1.1(k) defines “control” as “the power to exercise a controlling influence over the management or policies of a person, unless such power is solely the result of an official position with such person. Any person who owns beneficially, directly or indirectly, more than 20% of the voting power in the election of directors of a corporation, or more than 25% of the voting power in the election of directors of any other corporation which directly or through one or more affiliates owns beneficially more than 25% of the voting power in the election of directors of such corporation, shall be presumed to control such corporation.” CBOE Rule 1.1(ff) defines “person” as “an individual, partnership (general or limited), joint stock company, corporation, limited liability company, trust or unincorporated organization, or any governmental entity or agency or political subdivision thereof.”

circular, on the first trading day of the calendar month, the TPH entities that are affiliated with issuers who met the threshold and therefore with which qualifying VIX options trades will only be charged transaction fees up to 7,500 contracts.

The purpose of the Amendment is to incentivize the creation and issuance of securities that are based on or track the performance of VIX futures.

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

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁴ Specifically, the Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act⁵, which provides that Exchange rules may provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities. The Amendment is reasonable because it will allow qualifying TPHs to pay lower transaction fees for large customer VIX options transactions. The Amendment is equitable and not unfairly discriminatory because it is intended to incentivize the creation and issuance of securities that are based on or track the performance of VIX futures, which provides more trading opportunities for all market participants. Further, the lower 7,500-contract threshold for TPHs that are affiliated with issuers who hit the \$1,000,000 [sic] threshold will encourage such TPHs to bring more customer VIX options orders to the Exchange, and the resulting increased volume and liquidity will benefit all market participants trading VIX options.

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(4).

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) 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-2012-068 on the subject line.

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 17 C.F.R. 240.19b-4(f).

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-2012-068. 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 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-2012-068 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

Kevin M. O'Neill
Deputy Secretary

⁸ 17 CFR 200.30-3(a)(12).