

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-71899; File No. SR-CBOE-2014-031)

April 8, 2014

**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 March 28, 2014, 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.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

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 aspects of such statements.

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 Fees Schedule. First, the Exchange proposes to adopt a fee of \$50 per month per login ID for PULSe Workstation users that elect to access a COB Feed.³ The COB Feed provides data (which has already been otherwise-available to PULSe Workstation users) on a data feed that specifically provides COB data. In order to improve the provision of this COB data, the Exchange has recently contracted an outside vendor to provide the COB Feed. The Exchange proposes to assess the new COB Feed Fee in order to recoup costs associated with the provision of the COB Feed. The Exchange does not propose to assess the COB Feed Fee to PULSe Workstation users on the Exchange trading floor. On-floor PULSe Workstation users must use PULSe Workstations using Exchange-provided hardware, for which such users pay a fee. Off-floor PULSe Workstation users, in contrast, are able to use PULSe Workstations using their own hardware (for which they do not pay the Exchange). Further, for off-floor PULSe Workstation users, the Exchange must expend resources in order to permission their IP addresses to access PULSe servers (which requires the Exchange to modify its firewall each time an off-floor PULSe

³ “COB” stands for the Exchange’s Complex Order Book. For a more detailed description of the PULSe workstation and its functionality, see, e.g., Securities Exchange Act Release Nos. 62286 (June 11, 2010), 75 FR 34799 (June 18, 2010) (SR-CBOE-2010-051), 63244 (November 4, 2010), 75 FR 69148 (November 10, 2010) (SR-CBOE-2010-100), 63721 (January 14, 2011), 76 FR 3929 (January 21, 2011) (SR-CBOE-2011-011), 65280 (September 7, 2011), 76 FR 56838 (September 14, 2011), 65491 (October 6, 2011), 76 FR 63680 (October 13, 2011) (SR-CBOE-2011-092), 69990 (July 16, 2013), 78 FR 43953 (July 22, 2013) (SR-CBOE-2013-062), and 71285 (January 10, 2014), 79 FR 2916 (January 16, 2014) (SR-CBOE-2014-130).

user is permissioned), and off-floor PULSe Workstation users are not assessed a fee for this process. The Exchange also would like to encourage on-floor trading activity, as the Exchange believes that the features of a trading floor provide benefits (such as price improvement) to investors and the market as a whole. Due to the differences between on-floor and off-floor PULSe users and the Exchange's valid desire to encourage on-floor trading, the Exchange proposes to state that the COB Feed Fee will not be assessed to PULSe Workstation users on the Exchange trading floor.

The Exchange always strives for clarity in its rules and Fees Schedule, so that market participants may best understand how rules and fees apply. As such, the Exchange proposes to clarify its Fees Schedule. Currently, the "Exception" section of the Exchange's "Linkage Fees" table states: "CBOE will not pass through or otherwise charge customer orders (of any size) routed to other exchanges that were originally transmitted to the Exchange from the trading floor through an Exchange-sponsored terminal (e.g. a Floor Broker Workstation)." The Exchange proposes to add the phrase "or PULSe Workstation" into the parenthetical to clarify that CBOE will not pass through or otherwise charge customer orders routed to other exchanges that were originally transmitted to the Exchange from a PULSe Workstation (which, like a Floor Broker Workstation, is an Exchange-sponsored terminal on the trading floor).

The proposed changes are to take effect on April 1, 2014.

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 Act,⁵ which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities.

The Exchange believes that the COB Feed Fee is reasonable because, in order to improve the provision of this COB data, the Exchange has recently contracted an outside vendor to provide the COB Feed, and the new COB Feed Fee will help serve to recoup costs associated with the provision of the COB Feed. The Exchange believes it is equitable and not unfairly discriminatory to assess the COB Feed Fee only to off-floor PULSe Workstation users because of the differences between on-floor and off-floor PULSe Workstation users, and the Exchange's desire to encourage on-floor trading. On-floor PULSe Workstation users must use PULSe Workstations using Exchange-provided hardware, for which such users pay a fee. Off-floor PULSe Workstation users, in contrast, are able to use PULSe Workstations using their own hardware (for which they do not pay the Exchange). Further, for off-floor PULSe Workstation users, the Exchange must expend resources in order to permission their IP addresses to access PULSe servers (which requires the Exchange to modify its firewall each time an off-floor PULSe user is permissioned), and off-floor PULSe Workstation users are not assessed a fee for this process. The Exchange also would like to encourage on-floor trading activity, as the Exchange believes that the features of a trading floor provide benefits (such as price improvement) to investors and the market as a whole. The COB Feed Fee would be assessed equally to all off-floor PULSe Workstation users that request the COB Feed.

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(4).

The Exchange believes that the clarification of the Fees Schedule will alleviate potential confusion. The alleviation of potential confusion will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest.

B. Self-Regulatory Organization's Statement on Burden on Competition

CBOE does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the COB Feed fee will be assessed to all PULSe Workstation users who request the COB Feed (except on-floor PULSe Workstation users, for the reasons described above). CBOE does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the COB Feed Fee only provides CBOE COB data and the proposed change only applies to CBOE. The proposed change to alleviate confusion is not intended for competitive reasons and only applies to CBOE.

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) of the Act⁶ 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

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 17 CFR 240.19b-4(f).

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. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

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-2014-031 on the subject line.

Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CBOE-2014-031. 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, D.C. 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-2014-031 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).