

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-75321; File No. SR- CBOE-2015-059)

June 29, 2015

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 June 15, 2015, 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 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 Fees Schedule. Specifically, the Exchange proposes to amend fees for Qualified Contingent Cross (“QCC”) transactions. A QCC order is comprised of an order to buy or sell at least 1,000 contracts (or 10,000 mini-option contracts) that is identified as being part of a qualified contingent trade, coupled with a contra side order to buy or sell an equal number of contracts. Currently, the Exchange assesses no fee for Customer (“C” origin) QCC transactions and \$0.20 per contract side for Clearing Trading Permit Holder Proprietary (“F” or “L” origin code) QCC transactions, as well as Broker-Dealer, Non-Trading Permit Holder Market Maker, Professional/Voluntary Professional and Joint Back-Office QCC transactions. Additionally, Market-Maker QCC transactions are subject to the Liquidity Provider Sliding Scale. In lieu of the current QCC transaction fees stated above, the Exchange proposes to establish a transaction fee for all non-customer QCC orders of \$0.15 per contract side (customer orders will continue to not be assessed a charge). In addition, the Exchange proposes to adopt a \$0.10 per contract credit for the initiating order side, regardless of origin code. The Exchange proposes to explicitly provide in the Fees Schedule that a QCC transaction is comprised of an ‘initiating order’ to buy (sell) at least 1,000 contracts, coupled with a contra-side order to sell (buy) an equal number of contracts and that for complex QCC transactions, the 1,000 contracts minimum is applied per leg. The ‘initiating order’ is considered to be the agency side of a QCC order. The Exchange notes that with regard to order entry, the first order submitted into the system is marked as the initiating/agency side and the second order is marked as the contra side. The credit will be paid to the Trading Permit Holder that enters the order into the system. The purpose of these changes is to incentivize the sending of QCC orders to the

Exchange. The Exchange notes that another Exchange similarly provides rebates on QCC initiating orders.³ The Exchange also notes that no changes to transaction fees for QCC mini-option orders are being proposed at this time.

Finally, the Exchange proposes to eliminate references to QCC fees in the Equity, ETF and ETN options rate tables, and instead establish a QCC-specific rate table. No substantive changes, other than those mentioned above, are being made by the reorganization and relocation of QCC-related transaction fees. Rather, the Exchange believes the proposed change will make the Fees Schedule easier to read and alleviate potential confusion.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (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 the Section 6(b)(5)⁵ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitation transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change

³ See International Securities Exchange, LLC (“ISE”) Schedule of Fees, Section IV(A), QCC and Solicitation Rebate, which provides for rebates between \$0.05 per QCC contract and \$0.11 per QCC contract for each originating contract side based upon meeting certain volume thresholds.

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(5).

is consistent with Section 6(b)(4) of the Act,⁶ 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.

In particular, the Exchange believes the proposed transaction fee for QCC orders is reasonable because the proposed amount is in line with the amount assessed at other Exchanges for similar transactions.⁷ Additionally, the proposed fee would be charged to all non-customers alike. Assessing QCC rates to all market participants except customers is equitable and not unfairly discriminatory because Customer order flow enhances liquidity on the Exchange for the benefit of all market participants. Specifically, Customer liquidity benefits all market participants by providing more trading opportunities, which attracts Market-Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. By exempting customer orders, the QCC transaction fees will not discourage the sending of customer orders.

The Exchange believes the \$0.10 per contract credit for the initiating order side of a QCC transaction is reasonable because another Exchange also provides a rebate on the initiating order side.⁸ Additionally, the proposed credit amount is within the range of the rebate amounts at the other Exchange.⁹ The Exchange believes the proposed credit is equitable and not unfairly discriminatory because it applies to all Trading Permit Holders that enter the initiating order,

⁶ 15 U.S.C. 78f(b)(4).

⁷ See e.g., NYSE Arca, Inc. (“Arca”) Options Fees Schedule, Qualified Contingent Cross Transaction Fees and NASDAQ OMX PHLX LLC (“PHLX”) Pricing Schedule, Section II, Multiply Listed Options Fees.

⁸ See ISE Schedule of Fees, Section IV(A), QCC and Solicitation Rebate.

⁹ Id.

regardless of origin code and because it is intended to incentivize the sending of more QCC orders to the Exchange. Clarifying in the Fees Schedule that (i) a QCC transaction is comprised of an ‘initiating order’ to buy (sell) at least 1,000 contracts, coupled with a contra-side order to sell (buy) an equal number of contracts, (ii) for complex QCC transactions, the 1,000 contracts minimum is applied per leg and (iii) the ‘initiating order’ is considered to be the agency side of a QCC order informs market participants and alleviates potential confusion. Clarifying that the credit will be paid to the Trading Permit Holder that enters the order into the system also alleviates confusion. The alleviation of potential confusion thereby removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protecting investors and the public interest.

Finally, the Exchange believes reorganizing and relocating QCC related transaction fees (and credits) makes the Fees Schedule easier to read and alleviates potential confusion, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system, and, in general, protecting investors and the public interest.

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

The Exchange 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, because the proposed rule change applies to all Trading Permit Holders. The Exchange believes this proposal will not cause an unnecessary burden on intermarket competition because the proposed changes will actually enhance the competitiveness of the Exchange relative to other exchanges which offer comparable fees and rebates for QCC transactions.¹⁰ To the extent that

¹⁰ See e.g., ISE Schedule of Fees, Section IV(A), QCC and Solicitation Rebate and PHLX Pricing Schedule, Section II, Multiply Listed Options Fees.

the proposed changes make CBOE a more attractive marketplace for market participants at other exchanges, such market participants are welcome to become CBOE market participants.

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 Act¹¹ and paragraph (f) 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. 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-2015-059 on the subject line.

Paper comments:

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f).

- 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-2015-059. 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 will also 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-2015-059 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

Robert W. Errett
Deputy Secretary

¹³ 17 CFR 200.30-3(a)(12).