SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-67340; File No. SR-CBOE-2012-060)

July 3, 2012

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 July 2, 2012, the Chicago Board Options Exchange, Incorporated ("Exchange" or "CBOE") filed with the Securities and Exchange Commission ("Commission") the proposed rule change, as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comment 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 Fees Schedule for its CBOE Stock Exchange ("CBSX"). 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.

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

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

CBSX proposes to amend its Fees Schedule. First, the Exchange proposes to eliminate the Maker fee tier for Makers that add 2,500,000 – 4,999,999 shares of liquidity in one day (for which such Makers were assessed a $0.0016 per share rate) and make the lowest Maker tier (and corresponding $0.0018 per share fee) apply to any Maker that adds 4,999,999 shares or less of liquidity in one day (all Maker and Taker fees discussed in this filing relate to transactions in securities priced $1 or greater). CBSX also proposes increasing the per share rates for the remaining Maker tiers (aside from the lowest Maker tier) by $0.0002. These changes are proposed for economic and competitive reasons as CBSX attempts to create a continuum of incentives that will allow CBSX to compete for liquidity provision and order flow. As such, the proposed Maker fees for transactions in securities priced $1 or greater would be as follows:

Maker (adds 4,999,999 shares or less of liquidity in one day)	$0.0018 per share
Maker (adds 5,000,000 – 9,999,999 shares of liquidity in one day)	$0.0017 per share
Maker (adds 10,000,000 – 14,999,999 shares of liquidity in one day)	$0.0016 per share
Maker (adds 15 million shares or more of liquidity in one day)	$0.0015 per share

As before, these rates apply to all transactions in securities priced $1 or greater made by the same market participant in any day in which such participant adds the established amount of shares or more of liquidity that is determined in the chart above for each tier. Market participants who share a trading acronym or MPID may aggregate their trading activity for purposes of these rates. Qualification for these rates will require that a market participant appropriately indicate his trading acronym and/or MPID in the appropriate field on the order.

CBSX also proposes amending its Taker rebate structure for transactions in securities priced $1 or greater. Currently, for such transactions, the Taker rebate is $0.0015 per share. CBSX proposes amending this structure so that a Taker who removes 9,999,999 shares or less of liquidity in one day or has less than an 85% Execution Rate will continue to receive this $0.0015 rebate per share. However, a Taker who removes 10,000,000 shares or more of liquidity in one day and has equal to or greater than an 85% Execution Rate would receive a rebate of $0.0017 per share. The term "Execution Rate" shall be defined as the total number of orders (count) filled or partially filled by CBSX for the same market participant for the previous calendar month divided by the total number of orders sent to CBSX from the same market participant for the previous calendar month (rounded to the nearest whole percentage).

Rejected orders will not count towards determining this Execution Rate. Canceled orders will count towards determining the total number of orders sent to CBSX, but not the total number of orders filled or partially filled. Orders that rest on the CBSX Book until they trade will incur the Maker fee when they trade, but because they executed, will count towards improving the market participant's Execution Rate. The Execution Rate achieved by a market participant for the previous calendar month will apply to the calendar month that immediately follows it. For example, if a market participant achieves an Execution Rate of above 85% for the month of July, then in the month of August, on any day in which that market participant removes 10,000,000 shares of liquidity or more, that market participant will receive the $0.0017 per share rebate for all executions that remove liquidity.

These rates apply to all transactions in securities priced $1 or greater made by the same market participant in any day in which such participant removes the established amount of shares or more of liquidity that is determined in the chart above for each tier. Market participants who share a trading acronym or MPID may aggregate their trading activity for purposes of these rates. Qualification for these rates will require that a market participant appropriately indicate his trading acronym and/or MPID in the appropriate field on the order.

The purpose of the change is to encourage market participants to Take at a greater volume and also to achieve a higher Execution Rate. CBSX wants to incentivize a higher Execution Rate because CBSX believes that participants who route order flow that is likely to remove liquidity will only achieve an 85% or higher Execution Rate if such participants route such orders to CBSX first (as opposed to routing such orders to dark pools or other trading centers prior to seeking execution at "lit" exchanges). CBSX desires to create an incentive for Take orders to be sent to CBSX before being sent to other trading centers because orders that scrape through multiple trading centers before CBSX are likely to achieve a lower Execution Rate when the remainder of such orders make it to CBSX because the market may have changed by the time such orders (or remainder of such orders) reach CBSX.

Because all orders sent by a market participant to CBSX will be taken into account when calculating the Execution Rate (except rejected orders), CBSX desires to incentivize the sending of orders that are likely to execute to CBSX. Orders that are sent to CBSX and rest on the CBSX Book will count towards raising the market participant's Execution Rate when the orders execute. This rewards and incentivizes the sending of orders that are likely to execute. Reaching an 85% Execution Rate will mean that a market participant is regularly sending in orders that are likely to execute and is therefore adding useful liquidity to the market. Indeed, this 85% Execution Rate rewards market participants who send orders to CBSX with the intention of either trading immediately or letting the orders rest on the CBSX Book until they execute, thereby incentivizing passive, as well as active, liquidity provision.

CBSX proposes to increase the fee for a cross trade that is the stock component of a qualified contingent trade from $0.0012 per share to $0.0015 per share and to increase the maximum fee for such transactions from $25 per trade to $30 per trade for economic and competitive reasons.

Finally, CBSX proposes to add a fee of $0.0025 per share (minimum rate of $1 per trade, maximum rate of $30 per trade) for two-day settlement of cross trades. CBSX adopted two-day settlement in 2011[3] but never adopted or assessed fees for the two-day settlement of cross trades, and desires to now do so. The amount of the fee (including the minimum and maximum rates) is the same as the amount for the next-day settlement of cross trades.

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 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. Eliminating the Maker fee tier for Makers that add 2,500,000 – 4,999,999 shares of liquidity in one day (for which such Makers were assessed a $0.0016 per share rate) and making the lowest Maker tier (and corresponding $0.0018 per share fee) apply to any Maker that adds 4,999,999 shares or less of liquidity in one day, and increasing the per-share fees for all other tiers by $0.0002 is reasonable because the amount of the increase

3 See Securities Exchange Act Release No. 65417 (September 28, 2011), 76 FR 61772 (October 5, 2011) (SR-CBOE-2011-089).

4 15 U.S.C. 78f(b).

5 15 U.S.C. 78f(b)(4).

is minimal, and the amounts of the fees are within the range of Maker fees that have been assessed previously (and the increases do not change the maximum Maker fee being assessed of $0.0018 per share). The slight increases to the Maker fees for transactions in securities priced $1 or greater, and the different Maker tiers themselves, are equitable and not unfairly discriminatory because the lower fees for market participants who can reach the higher volume tiers will provide an incentive for market participants to execute more trades on CBSX, which in turn will provide for greater volume and liquidity for all CBSX market participants.

Amending the Taker fee structure for transactions in securities priced $1 or greater to provide that a Taker that removes 10,000,000 shares or more of liquidity in one day and achieved an 85% Execution Rate in the previous calendar month is reasonable because those Takers who qualify for this tier will be receiving a larger rebate than they would have prior to this proposed change. This proposed new Taker fee structure is equitable and not unfairly discriminatory because the higher rebate for market participants who hit the new tier will provide an incentive for market participants to attempt to execute more trades on CBSX, which in turn will provide for greater volume and liquidity for all CBSX market participants. The 85% Execution Rate threshold is further equitable and not unfairly discriminatory because it encourages market participants who desire to reach this tier to send orders that are likely to execute to CBSX and allow orders to rest on the CBSX Book until such orders execute, both of which benefit all market participants by providing available liquidity with which to trade.

Increasing the per-share and maximum fees for a cross trade that is the stock component of a qualified contingent trade is reasonable because the increases are minimal and within the range of other cross trade fees assessed by CBSX, and is equitable and not unfairly discriminatory because the new per-share and maximum fees will be assessed to all market participants equally. Adopting fees for two-day settlement of cross trades is reasonable because the amount of the fees are the same as those being assessed for next-day settlement, and is equitable and not unfairly discriminatory because the new two-day settlement fees will be assessed to all market participants equally.

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 has neither solicited nor received written 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)(ii) of the Act[6] and subparagraph (f)(2) of Rule 19b-4 thereunder.[7] 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:

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6 15 U.S.C. 78s(b)(3)(A)(ii).

7 17 CFR 240.19b-4(f)(2).

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-2012-060 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-2012-060. 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 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-2012-060 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).