CBOE®

Regulatory Circular RG11-075

To: Trading Permit Holders
From: Finance and Administration
Date: June 28, 2011
Re: Volatility Index Options PAR Official Fees

Subject to SEC review, effective July 1, 2011, CBOE is modifying the PAR Official Fees assessed to Trading Permit Holders that utilize CBOE PAR Officials for execution of their Volatility Index Options orders. The Exchange will assess order originating firms or, as applicable, executing firms for PAR Official usage based on the percentage of Volatility Index Options volume that is executed by a PAR Official during a calendar month (i.e. PAR Official Executed Volatility Index Contracts/Total Open Outcry Executed Volatility Index Contracts) in accordance with the following schedule:

Tier Level	% Monthly Volume Executed Through PAR Official in Volatility Index Options Classes	Standard Orders	Crossed Orders (Per Side)
1	0-24.99%	$.03	$.015
2	25-49.99%	$.06	$.030
3	50-74.99%	$.09	$.045
4	75-100%	$.12	$.060

The thresholds set forth above will apply to all Volatility Index Options contracts executed by a PAR Official, except for customer orders ("C" origin) that are not directly routed to the trading floor. CBOE established a similar fee structure for PAR Official Fees in all other classes effective April 1, 2011. Contracts in Volatility Index Options shall be calculated separately for purposes of determining the PAR Official Fees in Volatility Index Options in accordance with the tier schedule set forth above.

Example 1: Floor Broker ABC, Inc, executes a total of 100,000 open outcry Volatility Index Options contracts in July, with 76,000 contracts executed by Floor Broker ABC and 20,000 non-cross contracts and 4,000 cross-contracts (2,000 each side) executed by CBOE PAR Officials. 24% of Floor Broker ABC's total open outcry volume (in Volatility Index Options) was executed by a PAR Official. Therefore, Floor Broker ABC will be assessed PAR Official Fees of $0.03/contract on 20,000 non-cross contracts and $0.015/contract on 4,000 cross contracts for activity in July.

Example 2: Floor Broker XYZ executes a total of 100,000 open outcry Volatility Index Options contracts in July, with 40,000 contracts executed by Floor Broker XYZ and 50,000 non-cross contracts and 10,000 cross-contracts (5,000 each side) executed by CBOE PAR Officials. 60% of Floor Broker XYZ's total open outcry volume (in Volatility Index Options) was executed by a PAR Official. Therefore, Floor Broker XYZ will be assessed PAR Official Fees of $.09/contract on 50,000 non-cross contracts and $.045/contract on 10,000 cross contracts for activity in July.

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