



## Regulatory Circular RG12-035

To: Trading Permit Holders  
From: Finance and Administration  
Date: February 28, 2012  
Re: Customer Large Trade Discount  
Hybrid Agency Liaison Step Up Rebate  
Linkage Fees

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Subject to rule filings with the Securities and Exchange Commission (“SEC”), the changes summarized below will be effective March 1, 2012.

### **Customer Large Trade Discount**

CBOE is amending the customer large trade discount for VIX to charge only the first 10,000 contracts of an order. The previous discount charged the first 5,000 contracts of an order.

As a result of this change, regular customer transaction fees will only be charged up to the following quantity of contracts per order, for the following options:

- SPX and VIX—charge only the first 10,000 contracts
- Other index options—charge only the first 5,000 contracts
- ETF, ETN and HOLDRs options—charge only the first 3,000 contracts

### **Hybrid Agency Liaison (“HAL”) Step Up Rebate**

CBOE currently provides a \$0.15 per contract rebate to market makers who execute transactions in HAL in response to auction messages, provided those market makers have, in the previous calendar month, submitted at least 60% of their total quotes in the subject penny pilot class (not including LEAPS) on either side of the NBBO.

Effective March 1, 2012, the rebate will be reduced to \$0.10 per contract, with all other qualifying standards remaining unchanged.

### **Linkage Fees**

Effective March 1, 2012, CBOE will modify its fee schedule in connection with the routing of Customer orders via intermarket linkage:

- Currently, for each customer order with an original size of 100 or more contracts, which CBOE executes via intermarket linkage, in whole or in part, the Exchange passes through the actual transaction fee assessed by the exchange(s) to which the order was routed, minus \$0.05 per contract. Effective March 1, 2012, for such orders, CBOE will assess to the order flow provider the specific away exchange transaction fees for that order.

- Currently, public customer orders of an original size of 99 contracts or less are not assessed routing or linkage fees. Effective March 1, 2012, for each public customer order of an original size of 99 contracts less, which CBOE executes via intermarket linkage in whole or in part, the Exchange will assess to the order flow provider the specific away exchange transaction fees for that order less \$.05/contract.

For example, if CBOE receives an electronic customer order to buy 99 contracts of a certain series in equity option class ABC, and executes 50 at an away exchange which charges a \$.30/contract customer transaction fee for removing liquidity, with the remaining 49 executed at CBOE, CBOE will bill the order flow provider \$.25/contract for 50 contracts for the linkage execution. These charges are in addition to any transaction fees CBOE may assess.

Please note CBOE will continue to assess a \$.50/contract charge for any size non-public customer order which CBOE executes via intermarket linkage in whole or in part. Additionally, CBOE will not assess any linkage charges, regardless of origin or size, which CBOE executes via intermarket linkage in whole or in part, that was sent from an on-floor Floor Broker Workstation (FBW) or on-floor PULSe Terminal.

The complete CBOE Fees Schedule is posted at:

<http://www.cboe.com/publish/feeschedule/CBOEFeeSchedule.pdf>

Customer large trade discount questions may be directed to Don Patton at (312) 786-7026 or [patton@cboe.com](mailto:patton@cboe.com), or John Mavindidze at (312) 786-7689 or [mavindidze@cboe.com](mailto:mavindidze@cboe.com). Please direct any HAL Step-Up Rebate or Linkage Fees questions to Anthony Montesano at (312) 786-7365 or [montesan@cboe.com](mailto:montesan@cboe.com), or to Mike Trees at (312) 786-8404 or [treesm@cboe.com](mailto:treesm@cboe.com).