

Regulatory Circular RG13-107

Date: July 31, 2013

To: Trading Permit Holders
From: Finance and Administration
RE: August 2013 Fee Changes

This circular explains August 2013 changes to the Fees Schedule for Chicago Board Options Exchange, Inc. (the "Exchange" or "CBOE"). All fee changes are subject to review by the Securities and Exchange Commission.

Index License Surcharge Fee On Russell 2000 Index Options

The Index License Surcharge Fee on Russell 2000 Index Options ("RUT") is increased from \$0.15 per contract to \$0.30 per contract effective August 1, 2013. Customer orders are not assessed the surcharge fee.

Volume Incentive Program

Effective August 1, 2013, RUT contract volume will no longer be included in the Volume Incentive Program.

Non-Public Customer Transaction Fee Caps on Merger Strategies, Short Stock Interest, Reversals, Conversions and Jelly Roll Strategies (collectively, "Strategies")

Merger and Short Stock Interest Strategies: Currently Market-maker, Clearing Trading Permit Holder, JBO participant, broker-dealer and non-Trading Permit Holder market-maker transaction fees are capped at \$1,000 for all merger strategies and short stock interest strategies. Effective August 1, 2013, JBO participant merger and short stock interest strategies will cease being eligible for the \$1,000 cap.

Reversals, Conversions and Jelly Roll Strategies: Effective August 1, 2013, the cap on transaction fees for market-maker, broker-dealer and non-Trading Permit Holder market maker reversals, conversions and jelly roll strategies executed on the same trading day in the same option class, excluding any option class on which the Exchange charges the Index License surcharge, is decreased from \$1,000 to \$700. In addition, effective August 1, 2013, Clearing Trading Permit Holder transactions fees for all reversals, conversions and jelly roll strategies executed on the same trading day in the same option class, excluding any option class on which the Exchange charges the Index License surcharge, are capped at \$700.

Transaction fees for the Strategies are further capped at \$25,000 per month for each Trading Permit Holder or TPH organization. Effective August 1, 2013, JBOs and Clearing Trading Permit Holders will cease being eligible for the \$25,000 cap. Also effective August 1, 2013, Clearing Trading Permit Holder Strategies trades will count toward the Clearing Trading Permit Holder Fee Cap of \$75,000.

Further, market-maker contract volume resulting from any of the Strategies, previously excluded from the Liquidity Provider Sliding Scale, will now apply towards reaching the sliding scale volume thresholds.

Please see the Exchange Fees Schedule for definitions of such strategies and the process for qualifying transactions for the daily and monthly transaction fee caps. In order to qualify for any of the caps other than the Clearing Trading Permit Holder Fee Cap, a Strategy request with supporting documentation must be submitted to the Exchange within three business days of the transactions. Contract volume resulting from any of the Strategies for which a Strategy request is submitted will not apply towards reaching the Clearing Trading Permit Holder Sliding Scale volume thresholds.

Hybrid Agency Liaison (“HAL”) Step-Up Rebate

Currently, the Exchange rebates to a market-maker \$0.10 per contract against transaction fees generated from a transaction on the HAL system in a penny pilot class, provided that at least 60% of the market-maker's quotes in that class (excluding mini-options and quotes in LEAPS series) in the prior month were on one side of the Next Best Bid and Offer (“NBBO”). The Exchange is increasing the percent threshold of the market-maker's quotes from 60% to 70%. The increase will be effective for all HAL Step Up Rebates in September 2013, thus market-makers will need to meet the new 70% standard for the qualifying period of August 2013 in order to receive the rebate during September.

CMI and FIX Login IDs Used to Access the CFLEX System

CMI and FIX Login ID fees (\$500/month) are waived through December 31, 2013 for all CMI and FIX Login IDs used to access the CFLEX system.

Customer Large Trade Discount

Currently, to qualify for the discount, the entire order quantity must be tied to a single order ID, either within the CBOE Command system or in FBW or PULSe or in the front end system used to enter and/or transmit the order. Because of limitations within the CBOE Command system, the Exchange is clarifying the Fees Schedule for a complex order with more than four legs. For a complex order with more than four legs, a customer large trade discount request must be submitted to the Exchange within three business days of the transactions and must identify all necessary information, including the order ID and related trade details.

CBOE Fees Schedule

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

Additional Information

Questions may be directed to Don Patton at (312) 786-7026 or patton@cboe.com, Colleen Laughlin at (312) 786-8390 or laughlin@cboe.com, or John Mavindidze at (312) 786-7689 or mavindidze@cboe.com.