

Regulatory Circular RG15-194

Date: December 22, 2015

To: Trading Permit Holders
From: Finance and Administration
RE: 2016 Fee Changes

This circular explains 2016 changes to the Fees Schedule for Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE").

Subject to Securities and Exchange Commission ("SEC") review, the changes summarized below will be effective January 4, 2016.

2016 Liquidity Provider ("LP") Sliding Scale For All Underlying Symbols Excluding Underlying Symbol List A¹ and Mini-Options

There are no changes to the LP Sliding Scale for 2016 as compared to 2015. An LP's rate per contract is reduced if certain relative volume thresholds are reached in a month, with both the count and the reduced rate per contract calculated using the following formula: a) Market-Maker Trading Permit Holder Contract Volume Excluding Underlying Symbol List A and Mini-Options executed at CBOE, divided by b) Total National Market-Maker Contract Volume Excluding Underlying Symbol List A and Mini-Options.

Tier	Percentage Thresholds of National Market-Maker Contract Volume Excluding Underlying Symbol List A and Mini Options	Rate
1	0.00% - 0.05%	23 cents
2	Greater than 0.05% - 0.70%	17 cents
3	Greater than 0.70% - 1.40%	10 cents
4	Greater than 1.40% - 2.00%	5 cents
5	Above 2.00%	3 cents

Prepayment Incentive: To be eligible to participate in the sliding scale above 0.70% of National Market-Maker Monthly Volume Excluding Underlying Symbol List A and Mini-Options, a LP must prepay \$200,000/month (or \$2,400,000 for the full calendar year) of their market-maker transaction fees for the year. Pro-rated prepayments are accepted later in the year, as long as the payment is received at least five business days prior to the month in which the application of the discount is to begin. For LP's interested in participating in the sliding scale for all of 2016, prepayment election and wired payment must take place during the period January 4, 2016 through January 10, 2016.

Example A: Trading Permit Holder A prepays \$2,400,000 on January 4, 2016 and executes 5,162,500 market-maker options contracts excluding Underlying Symbol List A and Mini-Options at CBOE in

¹ As of the date of this Circular, Underlying Symbol List A consists of OEX, XEO, RUT, RLG, RLV, RUI, SPX/SPXW, SPXpm, SRO, VIX, VXST, Volatility Indexes and binary options.

January 2016. In January 2016, 295,000,000 national market-maker options contracts excluding Underlying Symbol List A and Mini-Options were executed. Trading Permit Holder A's 5,162,500 contracts represent 1.75% of the total national market-maker contracts. Trading Permit Holder A's transaction fees for January 2016 are \$0.23 per contract on the first 147,500 contracts ($0.05\% \times 295,000,000$), or \$33,925, \$0.17 per contract on the next 1,917,500 contracts ($(0.70\% \times 295,000,000) - 147,500$), or \$325,975, \$0.10 per contract on the next 2,065,000 contracts ($(1.40\% \times 295,000,000) - 2,065,000$), or \$206,500, and \$0.05 per contract on the remaining 1,032,500 contracts, or \$51,625, for a total of \$618,025 or \$0.11971/contract. Because Trading Permit Holder A prepaid, the January 2016 invoice is \$418,025 (\$618,025 less the prepayment of \$200,000 ($\$2,400,000 / 12$ months)). Prepaying resulted in a reduction in transaction fees of \$268,458. Note: this example illustrates the base Market Maker transaction fees exclusive of any additional surcharges.

Example B: Trading Permit Holder B executes 2,000,000 market-maker options contracts excluding Underlying Symbol List A and Mini-Options in February 2016. In February 2016, 250,000,000 national market-maker options contracts excluding Underlying Symbol List A and Mini-Options were executed. Trading Permit Holder B's 2,000,000 contracts represent 0.80% of the total related national market-maker options volume. Trading Permit Holder B transaction fees for February 2016 are \$0.23 per contract on the first 125,000 contracts ($0.05\% \times 250,000,000$), or \$28,750, and \$0.17 per contract on the remaining 1,875,000 (because Trading Permit Holder B did not prepay, Trading Permit Holder B is not eligible to participate in the sliding scale above 0.70%), or \$318,750, for a total of \$347,500 or \$0.17375/contract. Prepaying would have resulted in a reduction in transaction fees of \$17,500 for February 2016. Note: this example illustrates the base Market Maker transaction fees exclusive of any additional surcharges.

Market-Maker Affiliate Volume Plan ("AVP")

The Exchange is implementing a transaction fee reduction plan for market-makers that have order routing affiliates which direct customer ("C" origin code) order flow to the Exchange, provided there is at least 75% common ownership between the firms as reflected on each firm's Form BD, Schedule A. The discount will be based on the thresholds reached in the Volume Incentive Plan ("VIP") table. Currently, market-makers who have affiliate Trading Permit Holders that reach Tier 2, Tier 3 and Tier 4 of VIP receive a discount on their market-maker multi-list trading permit fees of 10%, 20% and 30%, respectively. In the AVP, they will also receive a discount on their sliding scale market-maker transaction fees, not including any additional surcharges, of 10%, 15% and 20%, respectively.

Example A: Trading Permit Holder A prepays \$2,400,000 on January 4, 2016 and executes 5,162,500 market-maker options contracts excluding Underlying Symbol List A and Mini-Options at CBOE in January 2016. In January 2016, 295,000,000 national market-maker options contracts excluding Underlying Symbol List A and Mini-Options were executed. Trading Permit Holder A's 5,162,500 contracts represent 1.75% of the total national market-maker contracts. Trading Permit A market-maker sliding scale transactions fees before AVP total \$618,025. In January 2016, Trading Permit Holder A reaches Tier 2 in the VIP. Trading Permit Holder A would receive a discount on their market-maker sliding scale transaction fees of 10% or \$61,802.50, resulting in market-maker sliding scale transaction fees in January 2016 of \$556,222.50 or \$0.107744/contract. Note: this example illustrates the base market-maker transaction fees exclusive of any additional surcharges. The AVP credit will not be applicable to any additional surcharges.

Example B: Trading Permit Holder B executes 2,000,000 market-maker options contracts excluding Underlying Symbol List A and Mini-Options in February 2016. In February 2016, 250,000,000 national market-maker options contracts excluding Underlying Symbol List A and Mini-Options were executed.

Trading Permit Holder B's 2,000,000 contracts represent 0.80% of the total national market-maker options volume. Trading Permit Holder B did not prepay and is, therefore not eligible to participate in the sliding scale above 0.70%. Trading Permit B market-maker sliding scale transactions fees before AVP total \$347,500. In February 2016, Trading Permit Holder B reaches Tier 3 in the VIP. Trading Permit Holder B would receive a discount on their market-maker sliding scale transaction fees 15% or \$52,125, resulting in market-maker transaction fees in February 2016 of \$295,375, or \$0.14769/contract. Note: this example illustrates the base Market Maker sliding scale transaction fees exclusive of any additional surcharges. The AVP credit will not be applicable to any additional surcharges.

Market-Maker Affiliate Access Credit

CBOE will be continuing the access credit mentioned above for any Market-Maker whose affiliate Trading Permit Holder receives a credit under the Exchange's VIP. The Market-Maker will receive a credit on its Multi-Listed Trading Permit Fees, corresponding to the VIP tier reached as shown in the table below. This credit will not apply to Market-Maker Trading Permits used for appointments in SPX/SPXW, SPXpm, RUT, VIX, OEX and XEO.

VIP Tier	Percentage Thresholds of National Customer Contract Volume in Multiply-Listed Options Classes	Market-Maker Trading Permit Fee Credit
1	0.00% - 0.75%	---%
2	Above 0.75% - 1.50%	10%
3	Above 1.50% - 3.00%	20%
4	Above 3.00%	30%

CBOE Proprietary Products Sliding Scale ("Firm Sliding Scale") and Clearing Trading Permit Holder VIX Sliding Scale

There are two changes to the Clearing Trading Permit Holder Proprietary Sliding Scale ("Underlying Symbol List A Firm Sliding Scale") for 2016 as compared to 2015. First, the average daily volume ("ADV") for qualifying multiply-listed volume for reduced fees will be $\geq 25,000$ ADV $\leq 69,999$ ADV and $\geq 70,000$ ADV in 2016 compared to $\geq 20,000$ ADV $\leq 79,999$ ADV and $\geq 80,000$ ADV in 2015, respectively. Second, the Tier B3, B2, B1, A2 and A1 transaction fees will increase from \$0.20, \$0.10, \$0.02, \$0.16 and \$0.01 to \$0.22, \$0.12, \$0.05, \$0.18 and \$0.02, respectively.

Additionally, the Exchange is amending the Proprietary Products Sliding Scale program for Firms that execute origin code F or L transactions in options symbols included in Underlying Symbol List A by introducing a Clearing Trading Permit Holder VIX-only Sliding Scale ("VIX Sliding Scale") that will provide the Clearing Trading Permit Holder the better of a) the Firm Sliding Scale as applied to all eligible products or b) the Firm Sliding Scale as applied to all eligible products except VIX PLUS the discounted transaction fees as calculated under the new VIX Sliding Scale.

As such, Firms will now be assessed F & L transaction fees for Underlying Symbol List A using the new scales:

- 1) A Firm's transaction fees in Underlying Symbol List A will be reduced to the fees shown in the tables below for the calendar month provided a Clearing Trading Permit Holder reaches certain average daily volume ("ADV") thresholds in all underlying symbols excluding Underlying Symbol List A and Mini-Options on the Exchange during a calendar month.

Between 25,000 ADV and 69,999 ADV in all underlying symbols excluding Underlying Symbol List A and Mini-Options

Tier	Percentage Thresholds of Total Firm Proprietary Volume	Rate
B3	0.00% - 6.50%	22 cents
B2	Greater than 6.50% - 8.50%	12 cents
B1	Above 8.50%	5 cents

Greater than 70,000 ADV in all underlying symbols excluding Underlying Symbol List A and Mini-Options

Tier	Percentage Thresholds of Total Firm Proprietary Volume	Rate
A2	0.00% - 6.50%	18 cents
A1	Above 6.50%	2 cents

Example A: Trading Permit Holder A executes an ADV of 30,000 options contracts excluding Underlying Symbol List A and Mini-Options and total monthly 800,280 proprietary products in January 2016. In January 2016, 11,700,000 total firm proprietary options contracts were executed. Trading Permit Holder A's total monthly 800,280 proprietary contracts represent 6.84% of the total monthly firm proprietary options contracts volume. Trading Permit Holder A's proprietary products transaction fees for January 2016 are \$0.22 per contract on the first 760,500 contracts (6.50% x 11,700,000), or \$167,310, and \$0.12 per contract on the remaining 39,780 contracts, or \$4,774, for a total of \$172,084, or \$0.2150/contract.

Example B: Trading Permit Holder B executes an ADV of 107,000 options contracts excluding Underlying Symbol List A and Mini-Options and total monthly 1,100,000 proprietary products in February 2016. In February 2016, 11,800,000 total firm proprietary options contracts were executed. Trading Permit Holder B's 1,100,000 proprietary contracts represent 9.32% of the total firm proprietary options contracts volume. Trading Permit Holder B's proprietary product transaction fees for February 2016 are \$0.18 per contract for the first 767,000 contracts (6.50% x 11,800,000), or \$138,060 and \$.02 per contract on the remaining 333,000 contracts, or \$6,660, for a total of \$144,720, or \$0.1316/contract.

2) The new VIX Sliding Scale will allow Clearing Trading Permit Holder Proprietary and Non-Trading Permit Holder Affiliates to reduce their transaction fees in VIX provided certain volume thresholds in VIX options are attained during a month.

The VIX Sliding Scale will be as follows:

Tier	Percentage Thresholds of Total VIX Volume	Rate
1	0.00% - 1.00%	25 cents
2	1.01% - 5.50%	17 cents
3	5.51% - 8.00%	5 cents
4	Above 8.00%	1 cent

For purposes of calculating a Clearing Trading Permit Holder's total proprietary product transaction fees

for a month, the Exchange will use the following methodology: If using the VIX Sliding Scale plus the Sliding Scale minus VIX volume results in lower total Clearing Trading Permit Holder transaction fees than just using the Sliding Scale, CBOE will apply the new VIX Sliding Scale plus the Sliding Scale, and deduct the VIX volume from the Sliding Scale. If using the VIX Sliding Scale plus the Sliding Scale (minus VIX Volume) results in higher Clearing Trading Transaction fees than just using the Sliding Scale, CBOE will apply only the Sliding Scale.

Example A: Clearing Trading Permit Holder A has qualifying multiply-listed ADV of 66,000 contracts in January 2016. Clearing Trading Permit Holder A also has qualifying VIX volume of 500,000 contracts and qualifying SPX volume of 350,000 contracts, for a total of 850,000 proprietary products, or 5.56% of the Clearing Trading Permit Holder qualifying volume in Underlying List A of 15,298,000, including qualifying VIX volume of 6,433,000. Trading Permit Holder A VIX volume represented 7.77% of related volume. Clearing Trading Permit Holder A would thus be billed \$149,604. The calculation would be as follows:

1) Clearing Trading Permit Holder A Proprietary Transaction Fees using Sliding Scale = \$187,000

Or

2) Total Clearing Trading Permit Holder A Proprietary Transaction Fees = \$149,604

Clearing Trading Permit Holder A VIX Transaction Fees using VIX Sliding Scale = \$72,604

Clearing Trading Permit Holder A Proprietary Transaction Fees using Sliding Scale with VIX Options Volume Removed = \$77,000

VIX License Surcharge For Origin Codes F and L

The Exchange, through March 31, 2016, will waive the License Surcharge of \$0.10 for VIX transactions where the VIX Premium is less than or equal to \$0.10 and the related series has an expiration of seven (7) days or less.

VIX Customer ("C" Origin Code) Transaction Fees

Customer transaction fees for VIX contracts with premium between \$0.11 and \$0.99 will decrease to \$0.25 from \$0.27 and contracts with premium greater than or equal to \$1.00 will decrease to \$0.45 from \$0.48. In the case of complex orders, CBOE will apply the premium test to each individual leg.

SPX/SPXW, SPXpm and SRO Customer Large Trade Discount

Currently, the Exchange charges regular transaction fees for Customer orders in SPX/SPXW, SPXpm and SRO only up to the first 15,000 contracts per order. Effective January 4, 2016, the Exchange will charge only the first 20,000 contracts per order.

VIX Large Trade Discount

Currently, the Exchange charges regular transaction fees for Customer orders in VIX only up to the first 10,000 contracts per order. Effective January 4, 2016, the Exchange will charge only the first 15,000 contracts per order.

SPX Hybrid 3.0 Execution Fee

The SPX Hybrid 3.0 Execution Fee is increasing from \$0.20 to \$0.21 per contract.

RUT Market Maker Appointment Surcharge

Effective January 4, 2016, CBOE will assess an appointment surcharge of \$1,000 per month on any Market Maker Trading Permit that either (a) has an appointment in RUT options at any time during a calendar month and executes at least 100 RUT options contracts electronically while that appointment is active, or (b) trades at least 1,000 RUT options contracts in open outcry during a calendar month.

Transaction Fees and Surcharge Fees for RUI, RLV and RLG

Transaction fees for all origins for RUI, RLV and RLG will be waived through March 31, 2016.

The Surcharge Fee for RUI, RLV and RLG will be waived through March 31, 2016.

Floor Broker Workstation 2 ("FBW2")

The monthly fee for both Floor Broker Workstation ("FBW1") and FBW2 increases from \$400/month (per login ID) to \$450/month (per login ID).

Currently, for every FBW1 login a TPH has, CBOE waives the FBW2 monthly fee on a one-to-one basis for FBW2 logins. The Exchange is extending this waiver for the months of January through March 2016.

Example A: In January 2016, Floor Broker A had five FBW1 logins at \$450/month for a total monthly fee of \$2,250. In February, 2016, Floor Broker A adds two FBW2 logins in addition to the five FBW1 logins. The Exchange will waive the monthly fee for two FBW2 logins for February 2016 through March 2016. Accordingly, the total monthly fee for February 2016 will be \$2,250.

Example B: At the end of February 2016, Floor Broker A terminates three FBW1 logins and on March 1, 2016 adds one additional FBW2 login. Therefore, as of March 1, 2016, Floor Broker A has two FBW1 logins and three FBW2 logins. The Exchange will waive the monthly fee for two FBW2 logins for March. Accordingly, the total monthly fee for March 2016 will be \$1,350.

Example C: On January 31, 2016, Floor Broker B has two FBW1 logins. On February 1, 2016, Floor Broker B adds three FBW2 logins. The Exchange will waive the monthly fee for two FBW2 logins for February 2016 and March 2016. Accordingly, the total monthly fee for each of February and March 2016 will be \$1,350 a month, respectively.

Extended Trading Hours ("ETH")--Trading Permit Fees

Currently the Exchange is waiving all ETH trading permit and bandwidth packet fees for one of each type of trading permit and one of each type of bandwidth packet, per affiliated Trading Permit Holder, through December 31, 2015. The Exchange is extending the waiver period through July 31, 2016.

Following that, CBOE intends to assess the following charges:

- ETH Market-Maker Trading Permits - \$1,000/month
- ETH Electronic Access Trading Permits - \$500/month
- ETH Quoting and Order Entry Bandwidth Packet - \$500/month
- ETH Order Entry Only Bandwidth Packet - \$250/month



EXECUTE SUCCESSSM

Extended Trading Hours--CBOE Command Connectivity Fees

Currently the Exchange is waiving fees for CMI/Fix Login IDs associated with waived ETH trading permits and/or waived ETH bandwidth packets through December 31, 2015. The Exchange is extending the waiver for CMI/Fix Login IDs associated with waived ETH trading permits and/or waived ETH bandwidth packets through July 31, 2016. Following that, CBOE intends to assess a CMI/Fix ETH login fee of \$500/month/login.

CBOE Fees Schedule

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

Additional Information:

Please direct questions 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.