

## OMB APPROVAL

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
Form 19b-4

File No. SR - 2007 - 63  
Amendment No.

Proposed Rule Change by Chicago Board Options Exchange  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial <input checked="" type="checkbox"/>	Amendment <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) <input type="checkbox"/>	Section 19(b)(3)(A) <input checked="" type="checkbox"/>	Section 19(b)(3)(B) <input type="checkbox"/>
			Rule		
			<input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4)		
			<input checked="" type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5)		
			<input type="checkbox"/> 19b-4(f)(3) <input type="checkbox"/> 19b-4(f)(6)		

Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action <input type="checkbox"/>	Date Expires <input type="text"/>
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Exhibit 2 Seri As Paper Document



Exhibit 3 Seri As Paper Document

**Description**

Provide a brief description of the proposed rule change (limit 250 characters).

Change to CBSX fees.

**Contact Information**

Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name  Last Name   
Title   
E-mail   
Telephone  Fax

**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date By 

(Name)

(Title)

NOTE: Clicking the button at right will digitally sign and lock  
this form. A digital signature is as legally binding as a physical  
signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDFS website.

**Form 19b-4 Information**

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change**

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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Exhibit Sent As Paper Document

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

Item 1. Text of Proposed Rule Change

Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") proposes to amend its CBOE Stock Exchange ("CBSX") Fee Schedule. The text of the proposed rule change is attached in Exhibit 5.

Item 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Exchange's Office of the Chairman pursuant to delegated authority on June 7, 2007.

Item 3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The CBSX fee schedule lists the fees applicable to trading on CBSX. The transaction fees are based on whether the executing member is "taking" liquidity or "making" liquidity in connection with the transaction. This filing modifies the fees in four respects: (1) we are eliminating the liquidity taker volume tiers so that all takers are charged a flat \$0.29 per 100 shares regardless of the volume executed by the user; (2) the default maker rebate amount will increase from \$0.24 per 100 shares to \$0.26 per 100 shares; (3) it increases the qualifying Remote Market-Maker rebate from \$0.25 per 100 shares to \$0.27 per 100 shares; and (4) on NBBO step-up trades, where liquidity providers on CBSX step-up to the NBBO price displayed by another market, the "maker" for fee purposes will now be deemed the side that steps-up (and the maker rebate for this step up will be \$.20 per 100 shares) and the taker will be the order that was flashed for a potential NBBO fill. The changes will take effect June 11, 2007.

Statutory Basis.

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup>, in general, and furthers the objectives of Section 6(b)(4)<sup>2</sup> of the Act in particular, in

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<sup>1</sup> 15 U.S.C. 78f(b).

<sup>2</sup> 15 U.S.C. 78f(b)(4).

that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among CBOE members and other persons using its facilities.

Item 4. Self-Regulatory Organization's Statement on Burden on Competition

This proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Item 5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

Item 6. Extension of Time Period for Commission Action

Not applicable.

Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The proposed rule change is designated by the Exchange as establishing or changing a due, fee, or other charge, thereby qualifying for effectiveness on filing pursuant to Section 19(b)(3)(A)(ii)<sup>3</sup> of the Act and subparagraph (f)(2) of Rule 19b-4<sup>4</sup> thereunder.

Item 8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or the Commission

Not Applicable.

Item 9. Exhibits

Exhibit 1. Form of Notice of Proposed Rule Change for publication in the Federal Register.

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<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>4</sup> 17 C.F.R. 240.19b-4(f)(2).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-\_\_\_\_\_ ; File No. SR-CBOE-2007-63)

**Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by Chicago Board Options Exchange, Incorporated Regarding Fees for the CBOE Stock Exchange**

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, 15 U.S.C. 78s(b)(1), notice is hereby given that on June 8, 2007, Chicago Board Options Exchange, Incorporated ("CBOE" or the "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the CBOE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

**I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") proposes to modify its fees applicable to the CBOE Stock Exchange ("CBSX"). The text of the proposed rule change is available on the Exchange's website (<http://www.cboe.org/legal>), 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, CBOE 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 Item IV below. The CBOE 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 Statutory Basis for, Proposed Rule Change**

The CBSX fee schedule lists the fees applicable to trading on CBSX. The transaction fees are based on whether the executing member is “taking” liquidity or “making” liquidity in connection with the transaction. This filing modifies the fees in four respects: (1) we are eliminating the liquidity taker volume tiers so that all takers are charged a flat \$0.29 per 100 shares regardless of the volume executed by the user; (2) the default maker rebate amount will increase from \$0.24 per 100 shares to \$0.26 per 100 shares; (3) it increases the qualifying Remote Market-Maker rebate from \$0.25 per 100 shares to \$0.27 per 100 shares; and (4) on NBBO step-up trades, where liquidity providers on CBSX step-up to the NBBO price displayed by another market, the “maker” for fee purposes will now be deemed the side that steps-up (and the maker rebate for this step up will be \$.20 per 100 shares) and the taker will be the order that was flashed for a potential NBBO fill. The changes will take effect June 11, 2007.

**Statutory Basis.**

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup>, in general, and furthers the objectives of Section 6(b)(4)<sup>2</sup> of the Act in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among CBOE members and other persons using its facilities.

**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 purposes of the Act.

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<sup>1</sup> 15 U.S.C. 78f(b).

<sup>2</sup> 15 U.S.C. 78f(b)(4).

**C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others**

No written comments were solicited or received with respect to the proposed rule change.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

Because the foregoing rule change establishes or changes a due, fee, or other charge imposed by the Exchange, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and subparagraph (f)(2) of Rule 19b-4<sup>4</sup> thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate 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:

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](mailto:rule-comments@sec.gov). Please include File Number SR-CBOE-2007-63 on the subject line.

Paper comments:

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<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 C.F.R. 240.19b-4(f)(2).

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549.

All submissions should refer to File Number SR-CBOE-2007-63. 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 Web site (<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 inspection and copying in the Commission's Public Reference Section, 100 F Street, NE, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of the CBOE. 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-2007-63 and should be submitted on or before [insert date 21 days from publication in the Federal Register]. For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

Nancy M. Morris  
Secretary

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<sup>5</sup> 17 CFR 200.30-3(a)(12).



**EXHIBIT 5 to SR-CBOE-2007-63**

(Changes are indicated by underlining additions and [bracketing] deletions. Only those fees that are affected are shown.)

**CBOE STOCK EXCHANGE (CBSX)  
FEES SCHEDULE  
JUNE 11, 2007**

**1. APPLICABLE CBOE FEES**

The following fees from the CBOE Fee Schedule apply to CBSX Users: Sales Value Fee, Facility Fees, Membership Application Fees, Regulatory Fees, and CBOEdirect Connectivity Charges.

**2. TRANSACTION FEES**

Rate Type (1)	Applies to	[Volume Tier (2)]	Rate
Taker	All	[100 – 80,000,000]	\$0.29 per 100 shares
[Taker]	[All]	[80,000,001 – 240,000,000]	[\$0.28 per 100 shares]
[Taker]	[All]	[240,000,001 – 400,000,000]	[\$0.27 per 100 shares]
[Taker]	[All]	[400,000,001 +]	[\$0.26 per 100 shares]
Maker	All	[All]	\$0.2[4]6 per 100 shares rebate
Maker	RMMs that meet LPG Guidelines ([3]2)	[All]	\$0.2[5]7 per 100 shares rebate
Maker	DPMs that meet LPG Guidelines ([3]2)	[All]	Rebate equal to Taker rate on each trade
Cross Trade	All	[All]	\$0.00 per 100 shares
Orders Routed Away	All	[All]	Equal to Taker rate
Odd Lots	All	[All]	\$0.003 per share
NBBO Step-Up Trades	All	[All]	The order that <u>steps up</u> [is flashed] will be treated as the maker and will receive a <u>\$0.20</u> per 100 shares rebate, while the order that <u>is flashed</u> [steps up] will be treated as the taker.

**FOOTNOTES:**

- (1) Each rate type is mutually exclusive.
- (2) [Volume tier refers to all volume executed by the user (including maker, taker, cross, etc.) during the month. The rate applies to all shares in the tier. When a user moves to the next tier he is billed the lower rate on the incremental volume. Volume tiers are subject to change.]
- [(3)] The Liquidity Provider Guidelines (LPGs) are market quality bid/ask standards that are measured on a daily basis for each product traded on CBSX. The LPGs for CBSX DPMs and RMMs are set forth at the end of this fee schedule. If the LPGs are met 90% of the time each day, all CBSX DPMs and RMMs will receive the enhanced rebates set forth above.

**3. MARKET DATA**

A) Rebates: Total fees owed by a participant will be reduced (and participants will be paid for any unused credits) by the application of a tape credit.

"Tape credit" means 50% of monthly tape revenue from the Consolidated Tape Association (less all direct CTA costs) and Nasdaq UTP (less all direct Nasdaq UTP costs) generated by liquidity-providing (Maker) trades or Crosses effected on CBSX by the participant in a particular Tape A, Tape B, or Tape C security.

Tape credits will be applied on a quarterly basis, after CBSX receives its payments from the reporting plans. To the extent that CBSX tape revenue is subject to a year-end adjustment, tape credits may be adjusted accordingly.

B) Market Data Infrastructure Fee: This fee is charged to participants who receive market data from a third party market data vendor through CBSX's market data infrastructure. The amount of the fee is equal to \$19,400 divided by the number of participants receiving the data.

Liquidity Provider Guidelines (“LPGs”)

Daily Share Volume		0 to 4,999	5,000 to 24,999	25,000 to 74,999	75,000 to 199,999	200,000 to 499,999	500,000 or more
Requirement		Spread (%) Depth (sh)	Spread (%) Depth (sh)	Spread (%) Depth (sh)	Spread (%) Depth (sh)	Spread (%) Depth (sh)	Spread (%) Depth (sh)
Price (\$)	0 to 4.99	15.00 700	7.00 700	5.00 700	3.00 700	2.00 700	1.00 5,000
	5 to 14.99	6.00 400	3.00 400	1.50 400	1.00 400	0.60 400	0.30 1,000
	15 to 49.99	5.00 300	2.00 300	1.00 300	0.50 300	0.30 300	0.20 500
	50 or more	4.00 200	1.50 200	0.70 200	0.30 200	0.20 200	0.10 300