

OMB APPROVAL

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

File No. SR - 2007 - 152

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"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action <input type="checkbox"/>			Date Expires <input type="text"/>		
			<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)		

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Description

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

Proposes to amend the Fees Schedule.

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)

Assistant Secretary

(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.

Jaime Galvan, galvanj@cboe.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFT 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

☐

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

☐

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: (i) establish a Hybrid Agency Liaison ("HAL") "step-up" rebate, and (ii) pass through to members certain costs related to Intermarket Option Linkage ("Linkage") Principal orders. The text of the proposed rule change is provided below:

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

**CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED
FEES SCHEDULE
[DECEMBER 1, 2007]JANUARY 1, 2008**

1. – 4. Unchanged.

Footnotes:

(1) – (7) Unchanged.

(8) Linkage order fees in effect on a pilot basis until July 31, 2008, except for Satisfaction Orders, which are not assessed Exchange fees per Linkage rules. The RAES access fee for non-customer transactions also apply to linkage orders. Please see Section 21 for details of DPM Linkage Fee Credits and pass-through of certain Linkage P order related costs.

(9) – (17) Unchanged.

5. – 18. Unchanged.

19. Hybrid Agency Liaison ("HAL") Step-Up Rebate

The Exchange shall rebate to a market-maker \$.20 per contract against transaction fees generated from a transaction on the HAL system in a penny pilot class, provided that at least 80% of the market-maker's quotes in that class (excluding quotes in LEAPS series) in that same month were on one side of the NBBO.

20. Unchanged.

21. DPM LINKAGE FEES CREDIT

PA Orders: Unchanged.

P Orders: [Effective February 1, 2006.] CBOE will rebate DPM transaction fees generated from transactions against [broker-dealer] non-customer orders [{"B" or "F" origin}] that underlie outbound principal (P) orders ("CBOE Transactions"). In addition, when DPMs incur fees to execute such P orders at other exchanges ("Away Transactions"), those DPMs will be credited an additional amount per contract to offset such fees. The amount of such credit will be a weighted average of the Linkage transaction fees assessed by other exchanges calculated based on outbound Linkage contract volume sent to each of the other exchanges. CBOE will also credit DPMs an additional amount per contract on both CBOE Transactions and Away Transactions to offset the Sales Value Fee and Options Clearing Corporation (OCC) and clearing firm fees incurred by DPMs on those

transactions. The amount of such credit will be comprised of the Sales Value Fee assessed under Section 6 of this Fees Schedule, the OCC per contract fee applicable to market-makers and specialists set forth on the OCC Schedule of Fees and an estimated average clearing firm per contract fee. A DPM will be expected to reimburse the Exchange to the extent that the funds received by the DPM via this program exceed the DPM's actual costs incurred in executing CBOE Transactions and Away Transactions. The Exchange shall pass through the total amount of the credits above to the member clearing firm that originated the order underlying the P order.

Remainder of Fees Schedule – Unchanged.

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 December 20, 2007.

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

HAL Step-Up Rebate

HAL is a system for automated handling of electronically received orders that are not automatically executed upon receipt by the Hybrid Trading System ("Hybrid"). CBOE Rule 6.14 governs the operation of the HAL system.

Orders received by the HAL system are electronically exposed to all CBOE market-makers appointed to the relevant option class as well as to all members acting as agent for orders at the top of the Exchange's book in the relevant option series. This exposure and a subsequent allocation period (together, the "HAL auction") afford crowd members an opportunity to match the away national best bid or offer ("NBBO") price. If any portion of an exposed order remains unexecuted at the end of a HAL auction, then the remaining order would be booked if it is a limit order that is not marketable, or, if marketable, routed to the exchange showing the NBBO via Linkage.

In order to incent market makers to execute orders at CBOE versus routing orders away via Linkage, the Exchange proposes to establish a program whereby the Exchange would provide a rebate to market-makers that "step-up" and trade all or part of certain orders on the HAL system. Specifically, the Exchange will rebate to a market-maker \$.20 per contract against transaction fees

generated from a transaction on the HAL system in a penny pilot class, provided that at least 80% of the market-maker's quotes in that class (excluding quotes in LEAPS series) in that same month were on one side of the NBBO. Market-makers not meeting this 80% criteria would not be eligible to receive a rebate.

Pass-Through of Linkage P Order Costs

Pursuant to Section 21 of the CBOE Fees Schedule, the Exchange provides certain rebates and credits to Designated Primary Market-Makers ("DPMs") for fees they incur related to the execution of outbound Principal orders ("P orders") on behalf of orders that are for the account of a broker-dealer (i.e., "B" and "F" origin codes).

The Exchange proposes to amend this program in two respects. First, the Exchange proposes to expand the program to apply to any non-customer order underlying a P order. Second, in order to recover the significant costs of this program, the Exchange proposes to pass through to the member clearing firm that originated the underlying order the total amount of the credits paid by the Exchange to the DPM under the program (i.e., away exchange transaction fee, and OCC, clearing firm and Sales Value fees).

Statutory Basis.

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

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.

¹ 15 U.S.C. 78f(b).

² 15 U.S.C. 78f(b)(4).

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 applicable to a member, thereby qualifying for effectiveness on filing pursuant to Section 19(b)(3)(A)(ii)³ of the Act and subparagraph (f)(2) of Rule 19b-4⁴ 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.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 C.F.R. 240.19b-4(f)(2).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____; File No. SR-CBOE-2007-152)

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by Chicago Board Options Exchange, Incorporated Relating to a Hybrid Agency Liaison Step-Up Rebate and Pass-Through of Certain Linkage Related Costs.

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 _____, 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: (i) establish a Hybrid Agency Liaison ("HAL") "step-up" rebate, and (ii) pass through to members certain costs related to Intermarket Option Linkage ("Linkage") Principal orders. 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

HAL Step-Up Rebate

HAL is a system for automated handling of electronically received orders that are not automatically executed upon receipt by the Hybrid Trading System ("Hybrid"). CBOE Rule 6.14 governs the operation of the HAL system.

Orders received by the HAL system are electronically exposed to all CBOE market-makers appointed to the relevant option class as well as to all members acting as agent for orders at the top of the Exchange's book in the relevant option series. This exposure and a subsequent allocation period (together, the "HAL auction") afford crowd members an opportunity to match the away national best bid or offer ("NBBO") price. If any portion of an exposed order remains unexecuted at the end of a HAL auction, then the remaining order would be booked if it is a limit order that is not marketable, or, if marketable, routed to the exchange showing the NBBO via Linkage.

In order to incent market makers to execute orders at CBOE versus routing orders away via Linkage, the Exchange proposes to establish a program whereby the Exchange would provide a rebate to market-makers that "step-up" and trade all or part of certain orders on the HAL system. Specifically, the Exchange will rebate to a market-maker \$.20 per contract against transaction fees generated from a transaction on the HAL system in a penny pilot class, provided that at least 80% of the market-maker's quotes in that class (excluding

quotes in LEAPS series) in that same month were on one side of the NBBO. Market-makers not meeting this 80% criteria would not be eligible to receive a rebate.

Pass-Through of Linkage P Order Costs

Pursuant to Section 21 of the CBOE Fees Schedule, the Exchange provides certain rebates and credits to Designated Primary Market-Makers ("DPMs") for fees they incur related to the execution of outbound Principal orders ("P orders") on behalf of orders that are for the account of a broker-dealer (i.e., "B" and "F" origin codes).

The Exchange proposes to amend this program in two respects. First, the Exchange proposes to expand the program to apply to any non-customer order underlying a P order. Second, in order to recover the significant costs of this program, the Exchange proposes to pass through to the member clearing firm that originated the underlying order the total amount of the credits paid by the Exchange to the DPM under the program (i.e., away exchange transaction fee, and OCC, clearing firm and Sales Value fees).

Statutory Basis.

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

¹ 15 U.S.C. 78f(b).

² 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 Act³ and subparagraph (f)(2) of Rule 19b-4⁴ 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. Please include File Number SR-CBOE-2007-152 on the subject line.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 C.F.R. 240.19b-4(f)(2).

Paper comments:

- 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-2007-152. 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 Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of 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-2007-152 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.⁵

Nancy M. Morris

Secretary

⁵ 17 CFR 200.30-3(a)(12).