

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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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 1 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

(a) Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") proposes to amend its Fees Schedule to eliminate the Hybrid Electronic Quoting Fee. 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
JANUARY 4, 2010**

1. – 4. Unchanged.

FOOTNOTES:

(1) - (17) Unchanged.

5. – 9. Unchanged.

10. MEMBER DUES

\$450 per month*

* [If a member is assessed the Hybrid Electronic Quoting Fee (see Section 17), the member does not pay a member dues fee.] Effective May 1, 2009, for any month in which a lessor receives a payment from the Exchange for an open lease under the Interim Trading Permit program pursuant to Rule 3.27(d), no member dues will be charged to the lessor for that month. The Exchange will rebate dues to any lessor who received such a payment from the Exchange during the period August 1, 2008 through April 30, 2009.

11. – 16. Unchanged.

11. HYBRID FEES:

• Quoting Infrastructure User Fee	\$150
• TickerXpress (TX) User Fee (effective April 1, 2007)	
• TX Software Fee	100
• Enhanced TX User Fee	300
• Co-location of Equipment Fee (per "U" – 1.75 inches)	10
• Co-location of Equipment Fee (per "U" – 1.75 inches)/Sponsored User.....	20
• [Hybrid Electronic Quoting Fee	450*]

[* In addition to the \$450 fee, all Market-Makers, DPMs, and e-DPMs (collectively "liquidity providers") will be assessed (or credited) the Hybrid Electronic Quoting Fee by acronym as set forth in the tables below. The fee applies in Hybrid and Hybrid 2.0 option classes. The fee is assessed (or credited) per 1,000 quotes. A quotation is a bid and an offer. In the event a liquidity provider is utilizing more than one membership and submits electronic quotations for all of the memberships under the same acronym, the Hybrid Electronic Quoting Fee will be assessed (or credited) per membership utilized by the liquidity provider. If a liquidity provider is assessed (or credited) the Hybrid Electronic Quoting Fee, the liquidity provider does not pay a member dues fee (see Section 10). There is a cap of \$50,000 on the amount a liquidity provider's total credits can exceed the total debits assessed.

Market-Makers					
	Market Turner – At Least One Side ¹	NBBO Match – Both Sides ²	NBBO Match – One Side Only ³	CBOE BBO Match - At Least One Side ⁴	Duplicate Quotes & Off Market Quotes ⁵
Underlying ⁶ <= \$100, & Bid ⁷ <=\$10	\$.10 Credit	\$.03 Credit	\$0.00	\$.02	\$.04
<= \$100, & Bid > \$10	\$.10 Credit	\$.03 Credit	\$0.00	\$.04	\$.04
Underlying > \$100, & Bid <=15% of Underlying	\$.10 Credit	\$.03 Credit	\$0.00	\$.02	\$.04
Underlying > \$100, & Bid >15% of Underlying	\$.10 Credit	\$.03 Credit	\$0.00	\$.04	\$.04

DPMs and e-DPMs					
	Market Turner – At Least One Side ¹	NBBO Match – Both Sides ²	NBBO Match – One Side Only ³	CBOE BBO Match - At Least One Side ⁴	Duplicate Quotes & Off Market Quotes ⁵
Underlying <= \$100, & Bid <=\$10	\$.10 Credit	\$.03 Credit	\$0.00	\$.02	\$.04
<= \$100, & Bid > \$10	\$.10 Credit	\$.03 Credit	\$0.00	\$.02	\$.04
Underlying > \$100, & Bid <=15% of Underlying	\$.10 Credit	\$.03 Credit	\$0.00	\$.02	\$.04
Underlying > \$100, & Bid >15% of Underlying	\$.10 Credit	\$.03 Credit	\$0.00	\$.02	\$.04

Footnotes:

- (1) Quotation improves the NBBO on at least one side of the market.
- (2) Quotation matches the NBBO on both sides of the market.
- (3) Quotation matches the NBBO on only one side of the market.
- (4) Quotation matches the CBOE BBO (which is not the NBBO) on at least one side of the market.
- (5) Quotation is duplicate quote (no change in bid and offer price and size), or does not meet the conditions of Footnotes (1) – (4).
- (6) The value of the underlying security is the closing price of the underlying security on the preceding trading day.
- (7) The bid is the closing "bid" in the option series at CBOE on the preceding trading day.]

Remainder of Fees Schedule – Unchanged.

(b) Not applicable.

(c) Not applicable.

Item 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Exchange's Board of Directors on December 10, 2009.

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

(a) Purpose

The purpose of this proposed rule change is to eliminate the Hybrid Electronic Quoting Fee ("Quoting Fee"), which is applicable to all Market-Makers, DPMs, and e-DPMs (collectively "liquidity providers"). The Quoting Fee was implemented in February 2007 with the purpose of promoting and encouraging more efficient quoting.¹ Under the Quoting Fee, CBOE assesses all liquidity providers who are submitting electronic quotations to CBOE in Hybrid option classes a monthly amount of \$450 per membership utilized. CBOE also assesses or credits fees on liquidity providers that vary depending on: (i) the quality of the liquidity provider's quotation (a quotation is a bid and an offer); and (ii) the value of the underlying security and CBOE's bid in the option series.² If a liquidity provider is assessed (or credited) the Quoting Fee, the liquidity provider does not pay a member dues fee under Section 10 of the Fees Schedule.

The Exchange believes the Quoting Fee is no longer necessary to help mitigate quote message traffic. The Exchange believes liquidity providers generally are quoting more efficiently in response to the expansion of the Penny Pilot Program in order to remain competitive in the penny classes. In addition, the Exchange believes the other quote mitigation strategies it

¹ See Securities Exchange Act Release No. 54804 (November 21, 2006), 71 FR 69150 (November 29, 2006). The Quoting Fee was amended three times. See Securities Exchange Act Release No. 56602 (October 3, 2007), 72 FR 57620 (October 10, 2007); Securities Exchange Act Release No. 56927 (December 7, 2007), 72 FR 70912 (December 13, 2007); and Securities Exchange Act Release No. 58513 (September 11, 2008), 73 FR 54186 (September 18, 2008).

² See CBOE Fees Schedule, Section 17.

implemented at the inception of the Penny Pilot Program should continue to be effective in mitigating quotations.³ Also, since the adoption of the Quoting Fee the Exchange has invested heavily to increase its options system capacity to handle greater quote message traffic. Accordingly, the Exchange believes it would be appropriate to eliminate the Quoting Fee.

Liquidity providers will continue to be charged \$450 per month as member dues under Section 10 of the Fees Schedule instead of as a Hybrid Electronic Quoting Fee.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 ("Act")⁴, in general, and furthers the objectives of Section 6(b)(4)⁵ of the Act in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members. The Exchange believes it is appropriate to eliminate the Quoting Fee because it is no longer necessary to help mitigate quote message traffic.

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

This Exchange does not believe that the proposed rule change will 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.

³ See Securities Exchange Act Release No. 55154 (January 23, 2007), 72 FR 4743 (February 1, 2007).

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(4).

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

(a) The proposed rule change is to take effect pursuant to paragraph (A) of Section 19(b)(3) of the Act⁶.

(b) The proposed rule change is designated by the Exchange as establishing or changing a due, fee, or other charge applicable only to a member, thereby qualifying for effectiveness on filing pursuant to Section 19(b)(3)(A)(ii)⁷ of the Act and subparagraph (f)(2) of Rule 19b-4⁸ thereunder.

(c) Not applicable.

(d) Not applicable.

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 <u>Federal Register</u> . |
| Exhibit 2. | Not applicable. |
| Exhibit 3. | Not applicable. |
| Exhibit 4. | Not applicable. |
| Exhibit 5. | Not applicable. |

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

⁸ 17 C.F.R. 240.19b-4(f)(2).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____ ; File No. SR-CBOE-2010-001)

**Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated:
Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to
Elimination of the Hybrid Electronic Quoting Fee.**

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 CBOE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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 amend its Fees Schedule to eliminate the Hybrid Electronic Quoting Fee. 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. 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

(a) Purpose

The purpose of this proposed rule change is to eliminate the Hybrid Electronic Quoting Fee (“Quoting Fee”), which is applicable to all Market-Makers, DPMS, and e-DPMS (collectively “liquidity providers”). The Quoting Fee was implemented in February 2007 with the purpose of promoting and encouraging more efficient quoting.¹ Under the Quoting Fee, CBOE assesses all liquidity providers who are submitting electronic quotations to CBOE in Hybrid option classes a monthly amount of \$450 per membership utilized. CBOE also assesses or credits fees on liquidity providers that vary depending on: (i) the quality of the liquidity provider’s quotation (a quotation is a bid and an offer); and (ii) the value of the underlying security and CBOE’s bid in the option series.² If a liquidity provider is assessed (or credited) the Quoting Fee, the liquidity provider does not pay a member dues fee under Section 10 of the Fees Schedule.

The Exchange believes the Quoting Fee is no longer necessary to help mitigate quote message traffic. The Exchange believes liquidity providers generally are quoting more efficiently in response to the expansion of the Penny Pilot Program in order to remain competitive in the penny classes. In addition, the Exchange believes the other quote mitigation strategies it implemented at the inception of the Penny Pilot Program should continue to be effective in mitigating quotations.³ Also, since the adoption of the

¹ See Securities Exchange Act Release No. 54804 (November 21, 2006), 71 FR 69150 (November 29, 2006). The Quoting Fee was amended three times. See Securities Exchange Act Release No. 56602 (October 3, 2007), 72 FR 57620 (October 10, 2007); Securities Exchange Act Release No. 56927 (December 7, 2007), 72 FR 70912 (December 13, 2007); and Securities Exchange Act Release No. 58513 (September 11, 2008), 73 FR 54186 (September 18, 2008).

² See CBOE Fees Schedule, Section 17.

³ See Securities Exchange Act Release No. 55154 (January 23, 2007), 72 FR 4743 (February 1, 2007).

Quoting Fee the Exchange has invested heavily to increase its options system capacity to handle greater quote message traffic. Accordingly, the Exchange believes it would be appropriate to eliminate the Quoting Fee.

Liquidity providers will continue to be charged \$450 per month as member dues under Section 10 of the Fees Schedule instead of as a Hybrid Electronic Quoting Fee.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 ("Act")⁴, in general, and furthers the objectives of Section 6(b)(4)⁵ of the Act in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members. The Exchange believes it is appropriate to eliminate the Quoting Fee because it is no longer necessary to help mitigate quote message traffic.

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.

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

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(4).

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act⁶ and subparagraph (f)(2) of Rule 19b-4⁷ 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-2010-001 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-CBOE-2010-001. 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

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 17 C.F.R. 240.19b-4(f)(2).

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-2010-001 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁸

Florence E. Harmon

Deputy Secretary

⁸ 17 CFR 200.30-3(a)(12).